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84TH CONGRESS
1ST SESSION

S. 1792

IN THE SENATE OF THE UNITED STATES

APRIL 25, 1955

Mr. JOHNSTON of South Carolina introduced the following bill; which was read twice and referred to the Committee on Post Office and Civil Service

A BILL

To amend section 10 of the Federal Employees Group Life Insurance Act of 1954, authorizing the assumption of the insurance obligations, of any nonprofit association of Federal employees with its members, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That section 10 of the Federal Employees Group Life
4 Insurance Act of 1954 is amended to read as follows:

5 “SEC. 10. (a) The Commission is authorized to ar-
6 range with any nonprofit association of Federal employees
7 for the assumption by the fund of all of the insurance obliga-
8 tions obtained or provided by such association for its mem-
9 bers and existing as of the date of the approval of this Act,

1 and to insure the obligations so assumed with any company
2 or companies meeting the requirements of section 7 (a) of
3 this Act.

4 “(b) Any such association accepting such arrangement
5 by the affirmative vote of a majority of its members may
6 continue in existence and may continue to operate as there-
7 tofore with the same rights and obligations of the members
8 thereof, including the payment of dues at current rates, until
9 the assets of such association after the payment of expenses
10 have been applied toward the liquidation of such insurance
11 obligations and for such further period in addition thereto as
12 may be necessary or desirable in the discretion of the Com-
13 mission, any Federal or State laws, or laws relating to the
14 District of Columbia to the contrary notwithstanding: *Pro-*
15 *vided, however,* That such association shall neither obtain
16 nor provide any insurance for its members after the date
17 of the approval of this Act except in the manner and to the
18 extent set forth in paragraph (a) hereof.

19 “(c) The operation and management of such associa-
20 tion shall be subject to the supervision of the Commission
21 and to the extent that assets are available therefor the Com-
22 mission shall be reimbursed by the association for any ex-
23 penses incurred in connection therewith.

1 “(d) The members of such association shall not by rea-
2 son thereof be disqualified for the insurance benefits provided
3 by this Act if otherwise eligible therefor.”

A BILL

To amend section 10 of the Federal Employees Group Life Insurance Act of 1954, authorizing the assumption of the insurance obligations of any nonprofit association of Federal employees with its members, and for other purposes.

By Mr. Johnston of South Carolina

APRIL 25, 1955

Read twice and referred to the Committee on Post
Office and Civil Service

change lights and is involved in a collision, he has the burden of proving that the statutory fault of carrying improper lights could not have caused the collision. It is the considered opinion of the Coast Guard that a motorboat can, with safety, carry the lights required by either the International Rules or the act of April 25, 1940, when operating on waters subject to the latter act.

It would be appreciated if you would lay the proposed bill before the Senate. A similar proposed bill has been transmitted to the Speaker of the House of Representatives.

The Department has been advised by the Bureau of the Budget that there is no objection to the submission of this proposed legislation to the Congress.

Very truly yours,

H. CHAPMAN ROSE,
Acting Secretary of the Treasury.

AMENDMENT OF FEDERAL EMPLOYEES GROUP LIFE INSURANCE ACT, RELATING TO FEDERAL ASSUMPTION OF CERTAIN INSURANCE OBLIGATIONS

Mr. JOHNSTON of South Carolina. Mr. President, for many years, group life insurance has been available to Federal employees through various beneficial associations. The Government did not pay any part of the premiums or otherwise participate in these programs. However, in the minds of the employees, there was a semblance of Government sponsorship. Agency names were a part of the association's titles; agency officials held office in the associations, and association business was conducted by Government personnel in Government quarters.

While policies in these associations were strictly private agreements, to which the Government was not a party, a plan was nevertheless included in the Federal Employees Group Life Insurance Act of 1954 for the purpose of enabling these nonprofit associations to arrange for the Federal Group Insurance Fund to assume the life insurance of its members who were retired or otherwise separated from the Federal service.

Congress was advised by the Civil Service Commission and the Treasury Department that the plans set forth in section 10 of the act were practical and workable with regard to assumption by the Federal Group Insurance Fund of the policies held by retired and separated Federal employees with the various beneficial associations.

Mr. President, it has developed that the advice given Congress by the Civil Service Commission and the Treasury Department was not correct, and that section 10 of the act is not workable, and will not accomplish the purpose in mind.

Secondly, Congress was advised by these agencies that there was no reason to protect the association insurance of active Federal employees, who were eligible under the new program, because they could obtain replacement insurance in a larger amount and at a lesser rate under the Federal program. Here again the Congress received bad advice. The argument that active employees would lose nothing completely overlooked the following facts:

First. The reducing feature in the amount of insurance an employee can

retain after age 65 under the Government-sponsored plan reduces the insurance of a lower salaried employee below the amount he would receive under his nonreducing association policy.

Second. Should the active employee lose his Government employment, he would then have not only lost his association insurance, but also his Government insurance, since the latter ceases upon termination of employment.

Mr. President, there is little wonder that under these circumstances many present and former employees are confused and worried regarding their group life-insurance policies in the various beneficial associations. Because of my understanding of their present predicament, I wish to give them a word of advice and assurance. First, I caution them against allowing their policies to lapse. They should, by all means, keep their policies in force by making their premium payments as they fall due. Second, I want these employees to know that I have introduced legislation to correct this situation; and finally, that the legislation will be acted upon by the Committee on Post Office and Civil Service as promptly as possible.

Mr. President, I introduce for appropriate reference a bill to amend section 10 the Federal Employees Group Life Insurance Act of 1954, authorizing the assumption of the insurance obligations of any nonprofit association of Federal employees with its members, and for other purposes. I ask unanimous consent that a statement, prepared by me, setting forth reasons why section 10 of the act should be amended, and explaining what the proposed amendment will accomplish, be inserted in the RECORD and referred to the proper committee.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the statement will be printed in the RECORD.

The bill (S. 1792) to amend section 10 of the Federal Employees Group Life Insurance Act of 1954, authorizing the assumption of the insurance obligations of any nonprofit association of Federal employees with its members, and for other purposes, introduced by Mr. JOHNSTON of South Carolina, was received, read twice by its title, and referred to the Committee on Post Office and Civil Service.

The statement presented by Mr. JOHNSTON of South Carolina is as follows:

STATEMENT BY SENATOR JOHNSTON OF SOUTH CAROLINA

Section 10 of the Federal Employees Group Life Insurance Act of 1954 should be amended because:

(a) It requires the nonprofit associations of Federal employees to transfer to and deposit in the Government insurance fund all assets of their life insurance funds as a condition to assuming life insurance agreements for only those members who are retired or otherwise separated from the Government service.

(b) It requires compliance within 1 year after August 17, 1954, the date of the approval of the act.

(c) Assuming that the associations could comply with section 10, it would require the cancellation of insurance protection for all members who are actively employed by the Government, notwithstanding the fact that

such members have for many years paid dues in order to provide insurance benefits for their dependents (many for more than 25 years). Also, it would require the forfeiture of their entire interest in the assets of the associations.

(d) The present act requires reduction in insurance at the rate of 2 percent per month after employees attain the age of 65 until the original amount of their insurance is reduced to 25 percent.

(e) It is apparent that no thought was given to the rights of all members to share in the assets of these associations.

(f) Under the law a majority of the members of an association cannot dispose of all of the assets of the association contrary to the wishes of the minority. (*Hill et al v. Bland, et al.*, 10 Fed (2d) 623, decided by the Court of Appeals of the District of Columbia 1925. Writ of certiorari denied by the Supreme Court of the United States.)

(g) As interpreted by the Civil Service Commission, this section requires the unanimous consent of all members of any association to transfer and deliver its assets to the Government fund. The impossibility of obtaining such unanimous consent is readily seen from the fact that a number of the associations have large memberships, many of whom reside in different parts of the United States and its possessions. Communications to the members of nine associations, representing a large number of active Federal employees, as well as those retired or otherwise separated from Federal service, have failed to elicit replies from a very substantial minority. Unanimity of opinion exists among counsel that judicial proceedings to determine the rights of the membership in the assets would require the naming of all members of the associations as parties, the issuance of process and publication against thousands of individual members, and extensive legal services before the case could be presented to the court for adjudication, all of which would involve the expenditure of large sums, with the possibility of long delays and protracted appeals, making it virtually impossible to comply with the time limitations set forth in section 10. The Civil Service Commission recognizes that the larger associations composed of thousands of members may have difficulty in obtaining unanimous consent as required by its interpretation of section 10, and this is an understatement of the problem as it actually exists.

For these reasons, as a practical matter, section 10 is impossible of performance by any association which has a substantial number of members.

The proposed amendment will:

1. Remove the inequities created by section 10.

2. Remove the necessity of a judicial determination of matters arising under section 10.

3. Permit all members, whether presently employed, retired, or separated from Federal service, to continue their insurance at present dues rates, and thereby provide more adequately for their dependents.

4. Authorize the Civil Service Commission to arrange with nonprofit associations for the assumption of their insurance obligations.

5. Permit the associations to continue in business until such time as their assets, after payment of expenses, have been applied toward the liquidation of insurance obligations.

6. Terminate the right of such associations to provide or obtain any additional insurance for their members after the approval of the proposed amendment.

7. Provide that the operation and management of each association shall be subject to the supervision of the Commission under rules and regulations adopted by it, without

any expense whatsoever to the Government.

8. It will not require the Government to make any contribution for many years, as the reserve funds of the associations, together with monthly dues, will be ample to pay insurance claims for a long period of time. Any contribution by the Federal Government would be negligible if at the time the Government takes over the obligations of the association it merges the operation with the Government Insurance Fund.

PURCHASE OF FEDERAL SURPLUS PROPERTY BY STATE AND LOCAL GOVERNMENTS

Mr. HUMPHREY. Mr. President, I introduce, for appropriate reference, a bill to permit State and local governments to purchase Federal surplus property. This proposal has been endorsed by the representatives of the Council of State Governments, the National Association of County Officials, the National Institute of Governmental Purchasing, and the National Institute of Municipal Law Officers, in addition to the American Municipal Association.

Under existing law, property declared to be surplus by one Federal agency is first made available by purchase by any other Federal agency at a schedule of rates fixed by the General Services Administration. Any property not so purchased is then screened for disposal as donable surplus for educational and health agencies. The remaining property is then offered for sale under the terms of the Federal Service Act of 1949.

The bill would not interfere at all with the first two steps mentioned above. It provides, however, that after it has been screened for health and education purposes the remaining surplus property will be made available to States and local agencies at the same scale of prices that such property is made available to other Government bodies.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 1799) to amend section 203 (f) of the Federal Property and Administrative Services Act of 1949, as amended, introduced by Mr. HUMPHREY, was received, read twice by its title, and referred to the Committee on Government Operations.

EXPRESSION OF APPRECIATION BY CONGRESS FOR SUCCESSFUL DEVELOPMENT OF THE SALK POLIO VACCINE

Mr. PURTELL. Mr. President, I submit, for appropriate reference, the following concurrent resolution:

Whereas, in 1949, Drs. John F. Enders, Thomas H. Weller, and Frederick C. Robbins of Harvard University discovered a method of growing poliomyelitis virus in nonnervous tissue kept alive in flasks and test tubes; and

Whereas the said Drs. Enders, Weller, and Robbins were awarded the 1954 Nobel prize in medicine and physiology in recognition for such discovery; and

Whereas such discovery led to work by other investigators, resulting in present-day methods for mass producing the poliomyelitis virus needed for the manufacture of vaccine; and

Whereas such discovery made possible the recent development of a successful vaccine

for the prevention of poliomyelitis: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the Congress hereby extends to the said Drs. John F. Enders, Thomas H. Weller, and Frederick C. Robbins, in behalf of the people of the United States, its gratitude and appreciation for their great contribution to the development of a successful vaccine for the prevention of poliomyelitis.

The VICE PRESIDENT. The concurrent resolution will be received and appropriately referred.

The concurrent resolution (S. Con. Res. 27) was referred to the Committee on Labor and Public Welfare.

DELEGATION TO ATTEND THE NORTH ATLANTIC TREATY ORGANIZATION PARLIAMENTARY CONFERENCE

Mr. HUMPHREY submitted the following concurrent resolution (S. Con. Res. 28), which was referred to the Committee on Foreign Relations:

Whereas a Parliamentary Conference of the North Atlantic Treaty Organization will meet in Paris in July 1955; and

Whereas among other items it is planned to discuss at the Conference the question of future cooperation by the NATO members, including their parliamentary bodies; and

Whereas the Congress has taken a leading part in the formation of the Organization and in its support through the enactment of measures to strengthen its capacity to defend the North Atlantic area against Communist aggression; and

Whereas the presence of Members of the Congress at the Conference will be a tangible demonstration of the continuing desire of the American people to support the Organization and to promote closer relations with and between the members of the Organization; and

Whereas such a conference can contribute to the strength of the North Atlantic area in the maintenance of peace and security and the mutual interests of its members: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That not to exceed 14 Members of Congress shall be appointed to meet jointly with the representative parliamentary groups from other NATO members meeting in conference in Paris in July 1955, for discussion of common problems in the interests of the maintenance of peace and security in the North Atlantic area. Of the Members of the Congress to be appointed for the purposes of this resolution, half shall be appointed by the Speaker of the House from Members of the House, and half shall be appointed by the President of the Senate from Members of the Senate. Not more than four of the appointees from the respective Houses shall be of the same political party.

The expenses incurred by Members of the House, the Senate, and by staff members appointed for the purpose of carrying out this concurrent resolution shall not exceed \$15,000 for each House, respectively, and shall be paid from the contingent fund of the House of which they are Members. Payment shall be made upon the submission of vouchers approved by the chairman of the respective House or Senate delegation.

Mr. KEFAUVER. Mr. President, I submit a concurrent resolution on behalf of myself, the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Alabama [Mr. SPARKMAN], and the

Senator from Montana [Mr. MANSFIELD], and ask that it be appropriately referred.

The PRESIDING OFFICER. The concurrent resolution will be received and appropriately referred.

The concurrent resolution (S. Con. Res. 29), submitted by Mr. KEFAUVER (for himself, Mr. FULBRIGHT, Mr. HUMPHREY, Mr. SPARKMAN, and Mr. MANSFIELD) was received and referred to the Committee on Foreign Relations, as follows:

Whereas a parliamentary conference of the North Atlantic Treaty Organization will meet in Paris in July 1955; and

Whereas among other items it is planned to discuss at the conference the question of future cooperation by the NATO members, including their parliamentary bodies; and

Whereas the Congress has taken a leading part in the formation of the Organization and in its support through the enactment of measures to strengthen its capacity to defend the North Atlantic area against Communist aggression; and

Whereas the presence of Members of the Congress at the conference will be a tangible demonstration of the continuing desire of the American people to support the Organization and to promote closer relations with and between the members of the Organization; and

Whereas such a conference can contribute to the strength of the North Atlantic area in the maintenance of peace and security and the mutual interests of its members: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That not to exceed 14 Members of Congress shall be appointed to meet jointly with the representative parliamentary groups from other NATO members meeting in conference in Paris in July 1955, for discussion of common problems in the interests of the maintenance of peace and security in the North Atlantic area. Of the Members of the Congress to be appointed for the purposes of this resolution, half shall be appointed by the Speaker of the House from Members of the House, and half shall be appointed by the President of the Senate from Members of the Senate. Not more than four of the appointees from the respective Houses shall be of the same political party.

The expenses incurred by Members of the House, the Senate, and by staff members appointed for the purpose of carrying out this concurrent resolution shall not exceed \$15,000 for each House, respectively, and shall be paid from the contingent fund of the House of which they are Members. Payment shall be made upon the submission of vouchers approved by the chairman of the respective House or Senate delegation.

Mr. KEFAUVER. Mr. President, the concurrent resolution I have just submitted authorizes United States participation in a parliamentary conference of the North Atlantic Treaty Organization, which will meet in Paris in July of this year.

Joining in submitting the resolution are the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Alabama [Mr. SPARKMAN], and the Senator from Montana [Mr. MANSFIELD]. The resolution is exactly similar to one already introduced in the House by Representative JAMES P. RICHARDS, chairman of the House Foreign Affairs Committee.

This would be the first time that legislators of NATO would meet in joint session to consider problems that mutually affect their countries. The proposal originated with Norway, and has now

6. LEGISLATIVE PROGRAM. The Majority Leader scheduled consideration of the conference reports on the Commerce Department appropriations and D. C. judges, and possibly S. 2090, the mutual security bill on Wed., June 29; and H. R. 7000, the new reserve forces bill on Thurs., June 30 (p. 8056).

SENATE

7. FORESTRY. Passed H. R. 5891, to amend the mining laws to provide for multiple use of the surface of the same tracts of the public lands, with an amendment to substitute the language of S. 1713 as reported (pp. 7965-81).

The bill provides that deposits of common varieties of sand, building stone, gravel, pumice, pumicite, and cinders on public lands shall be disposed of under the Materials Act instead of the mining laws; amends the Materials Act to give the Secretary of Agriculture the same authority with respect to the common, widespread mineral materials and vegetative materials located on lands under his jurisdiction as that which the Secretary of the Interior has with respect to lands under his jurisdiction; amends the general mining law to prohibit use of any hereafter located unpatented mining claim for any purpose other than prospecting, mining, processing, and related activities; vests in the responsible U. S. agency authority to manage and dispose of vegetative surface resources on such locations, to manage other surface resources (except minerals subject to the mining laws), and to use so much of the surface as is necessary for management purposes or for access to adjacent lands, except that such use must not endanger or materially interfere with mineral development; and establishes a procedure to quiet-title old mining claims.

Rejected a Malone amendment to confine operation of the bill to those lands coming within jurisdiction of the Forest Service (p. 7981). Rejected a Malone motion to recommit the bill until hearings could be held in the 11 Western States (p. 7980).

8. PERSONNEL. The Post Office and Civil Service Committee reported with amendments S. 1792, to amend Sec. 10 of the Federal Employees Group Life Insurance Act of 1954, authorizing the assumption of the insurance obligations of any nonprofit association of Federal employees with its members (S. Rept. 686) (p. 7959).

S. 1849, to provide for the grant of career-conditional and career appointments in the competitive civil service to indefinite employees who previously qualified for competitive appointment, was made the unfinished business (p. 8005).

Sen. Williams discussed "loopholes" in retirement laws, urged consolidation of various formulas under which Government employees can qualify for retirement, and listed four cases wherein the individuals involved "found a way to beat the Government retirement system", including a former employee of this Department (pp. 7995-6).

9. ELECTRIFICATION. Sen. Kefauver criticized the administration's power policies (pp. 7982-93).

10. RECLAMATION. Sen. Neuberger inserted a Denver Post editorial favoring the proposed Hells Canyon Dam (pp. 8005-6).

11. FARM LOANS. The Agriculture and Forestry Committee ordered reported S. 1758, to amend the Bankhead-Jones Farm Tenant Act to modify, clarify, and provide additional authority for insurance of loans (p. D626).

12. FORESTRY. The Interior and Insular Affairs Committee ordered reported without amendment H. R. 4046, to abolish the Old Kasaan National Monument, Alaska, and transfer its land to the Tongass National Forest (p. D626).
13. WATER RESOURCES. The Interior and Insular Affairs Committee ordered reported with amendment H. R. 3990, authorizing the Interior Department to investigate and report to Congress on the water resources in Alaska (p. D626).
14. WATER COMPACT. The Interior and Insular Affairs Committee ordered reported with amendment S. 787, granting consent of Congress to Missouri Basin States to negotiate a Missouri River Basin compact (p. D626).
15. LEGISLATIVE PROGRAM. Sen. Johnson announced that after the consideration today of the bill to grant career appointments in competitive civil service to certain indefinite employees, the following bills will probably be considered: To permit certain Federal employees to be given retirement credit for certain State service; readjust postal classification on educational and cultural materials; and any conference reports which may be presented (p. 7958).

ITEMS IN APPENDIX

- 15a. RECLAMATION; ELECTRIFICATION. Rep. Ostertag inserted an editorial from a Buffalo paper discussing proposals for public or private power development of Niagara Falls, which maintained that public power development is only seemingly cheap (p. A4705).

Rep. Wier inserted an article by a member of the Izaak Walton League urging that the upper Colorado bill be defeated to insure the permanent elimination of the Echo Park Dam from this project (p. A4708).

Rep. Hosmer inserted an editorial from a North Carolina paper disapproving of the upper Colorado project because it would benefit marginal areas not suitable for cultivation (p. A4732). In another statement, Rep. Hosmer criticized the Florida irrigation project in Colorado, a part of the upper Colorado project (p. A4740).

Rep. Hillings inserted the platform of the Young Republican National Federation, adopted at Detroit, Mich., June 18, 1955, which includes a statement approving the President's policy of partnership between public and private power interests in water resources development (p. A4735).

Rep. Dawson countered arguments that the upper Colorado reclamation project contained a "hidden interest subsidy," to be paid by all the States, claiming that money paid into the reclamation fund by the four States involved would take care of this item (p. A4740).
16. MUTUAL SECURITY. Rep. Bonner spoke in the House against the Burleson amendments to the Mutual Security Act, which would, he claimed, unduly subsidize foreign shipping companies (pp. A4704-5).

Rep. Bonner inserted a resolution of the Committee on Merchant Marine and Fisheries to delete certain provisions of the mutual security amendments regarding shipping (p. A4709).

Rep. Smith, Wis., inserted a statement by Dr. John H. Reisner, executive secretary for Agricultural Missions, Inc., giving recommendations regarding setting up an international organization to administer technical assistance in foreign countries (pp. A4724-5).

Rep. Tollefson criticized the Cargo Preference Act, stating that it does not guarantee that 50% of shipping will be carried by American ships (p. A4739).

AMENDING THE FEDERAL EMPLOYEES' GROUP LIFE
INSURANCE ACT OF 1954

JUNE 28 (legislative day, JUNE 27), 1955.—Ordered to be printed

Mr. JOHNSTON of South Carolina, from the Committee on Post Office
and Civil Service, submitted the following

R E P O R T

[To accompany S. 1792]

The Committee on Post Office and Civil Service, to whom was referred the bill (S. 1792) to amend section 10 of the Federal Employees' Group Life Insurance Act of 1954, having considered the same, report favorably thereon with amendments and recommend that the bill, as amended, do pass.

PURPOSE

The bill as amended is designed to make possible the continuance of the life-insurance protection held by about 135,000 Federal employees, both active and retired, as members of various nonprofit beneficial associations. This would be accomplished by an arrangement made by the Civil Service Commission and each interested association, whereby the Employees' Life Insurance Fund would assume the insurance obligations and receive the association's assets together with future premium payments. The bill also authorizes the Commission to insure the obligations so assumed with the life insurance company now underwriting the association insurance, or with any other company which is an insurer or reinsurer under the act.

The bill represents agreement between the Civil Service Commission, the associations, and the insurers that it offers a workable solution to a problem which has given the committee great concern.

BACKGROUND

Various beneficial associations had been providing group life insurance for Federal employees many years prior to passage of the Insurance Act in 1954. However, the new program seriously impaired the

prospects of continued operation of these associations, many of whose members—those retired or otherwise separated from the Federal service—were not eligible for insurance under the new program.

This situation was recognized in section 10 of the 1954 act, which authorized the Civil Service Commission to arrange for the newly created Employees' Life Insurance Fund to assume the insurance agreements of associations only with their retired and separated members. The associations would have to discontinue all of their insurance and transfer to the fund the lesser of the full actuarial value of the insurance liabilities involved or their total assets. It developed that the total asset provision would govern in each case where inquiry was made to the Commission.

This requirement for transfer of total assets, with only a portion of the membership of an association retaining insurance, created unforeseen difficulties. Prevailing court decisions indicated that a mere majority of the members of an association of this type cannot dispose of all the assets of the association contrary to the wishes of a minority, however small. This means that a transfer of total assets under section 10 of the present law, benefiting only the retired and separated members, could be accomplished only if every member agreed. For the members now in the Federal service whose association insurance would not be assumed, this of course means relinquishing their insurance together with any rights they might have to a share of the assets.

Only one small organization has obtained the unanimous vote of its entire membership to come under section 10. But this is the only association whose retired members have had their insurance assumed by the fund. The larger associations find it impossible to elicit a unanimous vote from their members.

Present law sets a deadline of August 17, 1955, for an association to come under section 10. After that date, there is no authority for relief of association members, either active or retired. Faced with the competition of the Federal group life insurance program, the associations would suffer decreasing membership, increased dues, and eventual dissolution. All members would lose their insurance. Those particularly hard hit would be the members retired prior to establishment of the Federal group life insurance program, who would not be insured under it, and who—because of advanced age—would find it expensive or impossible to acquire new insurance.

ANALYSIS OF THE BILL

Section 1 (a) makes explicit the availability of the Employees' Life Insurance Fund for the payment of any obligations under agreements assumed pursuant to section 10. Section 1 (b) adds a new section 5 (d) to the act, authorizing the Secretary of the Treasury to invest the fund in interest-bearing obligations of the United States.

Section 2 makes technical amendments to section 7 of the act, relating to reinsurance under the main Federal group insurance program. A provision dealing with reallocation of reinsurance is moved from section 7 (d) to section 7 (e), where it more logically belongs. A new proviso would prevent the amount of any policy, purchased from an insurance company to insure section 10 obligations, from also increasing that company's share of the reinsurance under the main program.

Section 3 is the heart of the bill, and completely amends section 10 of the present act. The pertinent points are as follows:

(a) The Commission is authorized to arrange with any nonprofit association of Federal employees for the assumption by the Employees' Life Insurance Fund of all life-insurance agreements obtained or provided by such association for its members, both active and retired.

(b) The Commission is authorized to purchase a policy or policies from one or more companies to insure the agreements assumed by the fund under subsection (a). Any such company must be either: (1) the company then insuring the members under a policy issued to their association; or (2) a company which is an insurer or reinsurer under section 7 of the act.

(c) In consideration for such an arrangement, the association shall pay into the fund as a premium the lesser of its total assets or the actuarial value of the insurance obligations involved. While this provision appears similar to present law, the important difference is that transfer of total assets under the bill represents a premium payment in consideration of the transfer of all insurance obligations, thus not impairing in any manner the rights of any member or group of members.

(d) The time limit for an association to make an arrangement under section 10 is extended to 6 months following the date of the amending act, or within a longer period (in no case later than August 17, 1957) when there are extenuating circumstances.

(e) Members would, in the future, pay to the fund their premiums or dues at the same rates previously payable to their associations. If their association insurance provided for future adjustment of premiums, this feature would remain in effect.

(f) No member would be disqualified from any other insurance benefits under the act because of his insurance under section 10.

COST OF THE BILL

A consulting actuarial firm has estimated that insurance obligations of the associations exceed the sum of their present assets and anticipated future premiums by approximately \$33 million. The assumptions underlying this calculation have been checked by the Civil Service Commission. The incidence of this cost would be spread over a long period of years. No additional appropriations to the fund will now be required, and it is anticipated that the added costs of the bill can be financed from the fund as now constituted.

SUMMARY

It became known soon after the Federal Employees' Group Life Insurance Act of 1954 was enacted that section 10 was unworkable and inequitable and would have to be amended in order to protect and perpetuate the life insurance policies of over 135,000 present and former Federal employees held with various beneficial associations.

S. 1792 was introduced on April 25, 1955. It was designed to provide the necessary protection but would have continued the beneficial associations in business for the collection of premium payments by the policy holders and the liquidation of assets on their books.

The Civil Service Commission submitted draft legislation to Congress on May 18, 1955. The suggested legislation would have protected the policies of retired Federal employees but would give no protection to active Federal employees.

Subsequent to the introduction of S. 1792 and the submission of draft legislation by the Civil Service Commission a series of meetings were held between the Commission and representatives of the 135,000 policy holders as a result of which the language of S. 1792, as amended,

was mutually agreed to by all concerned. The only difference between S. 1792 as introduced and S. 1792, as amended, is that the Civil Service Commission will serve as the agency for the collection of premium payments instead of the beneficial associations. The Commission believed this would prove to be more economical and the associations agreed.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

SECTION 5 OF THE FEDERAL EMPLOYEES' GROUP LIFE INSURANCE ACT OF 1954

(a) * * *

(b) * * *

(c) The sums withheld from employees under subsection (a) and the sums contributed from appropriations and funds under subsection (b) shall be deposited in the Treasury of the United States to the credit of a fund which is hereby created. Said fund is hereby made available without fiscal year limitation for premium payments under any insurance policy or policies purchased as authorized in sections 7 and 10 of this Act, *for the payment of any obligations under agreements assumed pursuant to section 10 of this Act*, and for any expenses incurred by the Commission in the administration of this Act within such limitations as may be specified annually in appropriation acts: *Provided*, That appropriations available to the Commission for salaries and expenses for the fiscal year 1955 shall be available on a reimbursable basis for necessary administrative expenses of carrying out the purposes of this Act until said fund shall be sufficient to provide therefor. The income derived from any dividends or premium rate adjustments received from insurers shall constitute a part of said fund.

(d) *The Secretary of the Treasury is authorized to invest and reinvest the moneys in the fund created by section 5 (c), or any part thereof, in interest-bearing obligations of the United States and to sell such obligations of the United States for the purposes of the fund. The interest on and the proceeds from the sale of any such obligations shall become a part of the fund.*

SECTION 7 OF THE FEDERAL EMPLOYEES GROUP LIFE INSURANCE ACT OF 1954

(a) * * *

(b) * * *

(c) * * *

(d) The Commission shall determine a formula so that the amount of insurance in force to be retained by each issuing company after ceding reinsurance and the total amount of reinsurance ceded to each reinsuring company shall be in proportion to the total amount of each such company's group life insurance in force in the United States on December 31, 1953. *Provided*, That in determining such proportions, that portion of any company's group life insurance in force on December 31, 1953, which is in excess of \$100,000,000 shall be reduced by 25 per centum of the first \$100,000,000 of such excess, 50 per centum of the second \$100,000,000 of such excess, 75 per centum of the third \$100,000,000 of such excess, and 95 per centum of any excess thereafter: *Provided further*, That the amount retained by or ceded to any company shall not exceed 25 per centum of the amount of that company's total life insurance in force in the United States on December 31, 1953: *Provided further*, That if, at the end of one year following the date of enactment of this Act, in the case of any issuing company or reinsurer which insured employees of the Federal Government on December 31, 1953, under policies issued to an association of Federal employees, the amount which results from the application of this formula is less than the decrease, if any, in the amount of such company's insurance under such policies, the amount allocated to such company shall, upon the first reallocation as provided in subsection (e) of this section, be increased to the amount of such decrease: *And provided further*, That any fraternal benefit association which is licensed under the laws of a State of the United States or the District of Columbia to transact life insurance and is

engaged in issuing insurance certificates on the lives of employees of the Federal Government exclusively shall be eligible to act as a reinsuring company and may be allocated an amount of reinsurance equal to 25 per centum of its total life insurance in force on employees of the Federal Government on December 31, 1953.

(e) The companies eligible to participate as reinsurers, and the amount of insurance under the policy or policies to be allocated to each issuing company or reinsurer, may be redetermined by the Commission for and in advance of any policy year after the first, on a basis consistent with subsections (c) and (d) of this section, with any modifications thereof it deems appropriate to carry out the intent of such subsections, and based on each participating company's group life insurance in force in the United States on the most recent December 31 for which information is available to it, excluding that under any policy or policies purchased under this Act, and shall be so redetermined in a similar manner not less often than every three years or at any time that any participating company withdraws from participation: *Provided, That if, upon any such redetermination, in the case of any issuing company or reinsurer which insured employees of the Federal Government on December 31, 1953, under policies issued to an association of Federal employees, the amount which results from the application of the formula referred to in subsection (d) of this section is less than the total decrease, if any, since December 31, 1953, in the amount of such company's insurance under such policies, the amount allocated to such company shall be increased to the amount of such decrease: Provided further, That any increase in the amount allocated to such company by application of the preceding proviso shall be reduced by the amount or amounts of any policy or policies purchased from such company under the authorization of section 10 of this Act, and in force on the date of such redetermination.*

SECTION 10 OF THE FEDERAL EMPLOYEES GROUP LIFE INSURANCE ACT OF 1954

[SEC. 10. (a) The Commission is authorized to arrange with any nonprofit association of Federal employees for the assumption by the fund of any existing life insurance agreements of such association with its members retired or otherwise separated from the Federal service and to insure the obligations assumed with any company or companies meeting the requirements of section 7 (a).

(b) Any such arrangement shall provide that payments by such insured members for life insurance only shall thereafter be made at the same rates to the fund, under such conditions as the Commission may prescribe.

(c) Any such arrangement shall further provide that there be transferred to and deposited in the fund the lesser of the following amounts:

(1) The total assets of the life insurance fund of such association; or

(2) The amount required to meet the liabilities under life insurance agreements assumed, taking into account the payments as provided in paragraph (b). The determination of this amount shall be based on an actuarial valuation satisfactory to the Commission, procured by the association without expense to the Commission.

(d) The arrangements authorized by this section shall be made only with those associations which terminate life insurance agreements with all of their members within one year after the date of enactment of this Act, and such arrangements shall apply only to life insurance granted to any member by any such association before January 1, 1954.

(e) In any case in which the fund assumes a liability for life insurance as provided in this section in respect to a person who (1) subsequently becomes eligible to be insured as an employee under this Act and (2) does not give notice, as provided in section 5 (a), of his desire not to be so insured, the life insurance provided under this section shall terminate as of the date such person becomes insured as an employee.]

SEC. 10. (a) *The Commission is authorized to arrange with any nonprofit association of Federal or District of Columbia employees for the assumption by the fund created by section 5 (c) of all life insurance agreements, including all benefits contained therein, obtained or provided by such association for its members.*

(b) *The Commission is authorized, without regard to other sections of this Act and without regard to section 3709 of the Revised Statutes as amended, to purchase from one or more life insurance companies, as determined by the Commission, a policy or policies of group life insurance to insure all or any portion of the life insurance agreements obtained or provided by an association for its members and assumed under this section: Provided, That any such company must be either (1) the company then insuring such members under a policy or policies issued to such association; or (2) a company which is an insurer or a reinsurer under section 7 of this Act. The Com-*

mission may at any time discontinue any policy or policies it has purchased from any insurance company.

(c) Any association accepting such arrangement shall, in consideration therefor, pay over and transfer to the Commission (1) an amount equal to the actuarial value, as determined by the Commission, of the insurance obligations assumed by the fund created by section 5 (c), or (2) the total assets of the life insurance fund of such association, whichever is the lesser. Such payment and transfer shall be a premium for the purchase of the Government insurance arrangement, shall be deposited in the fund created by section 5 (c), and shall be accomplished in accordance with the procedures and conditions prescribed by the Commission, and in accordance with the requirements of applicable law.

(d) The arrangements authorized by this section shall be made within six calendar months following the date of enactment of this amending Act, or such later date as the Commission may agree when there are extenuating circumstances, but not later than August 17, 1957, and such arrangements shall apply only to life insurance agreements existing on both the date of the approval of this amendment and on the date of the respective arrangement.

(e) Any such arrangement shall provide that the continuation of the insurance coverage of such members shall be conditioned upon their payment to the fund created by section 5 (c), in such manner and under such conditions as the Commission may prescribe, of premium payments equal to the premiums or dues previously payable by them for such insurance coverage.

(f) The members of such associations shall not by reason of any such arrangements be disqualified from any other insurance benefits provided by this Act if otherwise eligible therefor.



Calendar No. 691

84TH CONGRESS
1ST SESSION

S. 1792

[Report No. 686]

IN THE SENATE OF THE UNITED STATES

APRIL 25, 1955

Mr. JOHNSTON of South Carolina introduced the following bill; which was read twice and referred to the Committee on Post Office and Civil Service

JUNE 28 (legislative day, JUNE 27), 1955

Reported by Mr. JOHNSTON of South Carolina, with amendments

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To amend section 10 of the Federal Employees Group Life Insurance Act of 1954, authorizing the assumption of the insurance obligations, of any nonprofit association of Federal employees with its members, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That section 10 of the Federal Employees Group Life
4 Insurance Act of 1954 is amended to read as follows:

5 “~~SEC. 10. (a)~~ The Commission is authorized to ar-
6 range with any nonprofit association of Federal employees
7 for the assumption by the fund of all of the insurance obliga-
8 tions obtained or provided by such association for its mem-
9 bers and existing as of the date of the approval of this Act,

1 and to insure the obligations so assumed with any company
2 or companies meeting the requirements of section 7 (a) of
3 this Act.

4 “(b) Any such association accepting such arrangement
5 by the affirmative vote of a majority of its members may
6 continue in existence and may continue to operate as there-
7 tofore with the same rights and obligations of the members
8 thereof, including the payment of dues at current rates, until
9 the assets of such association after the payment of expenses
10 have been applied toward the liquidation of such insurance
11 obligations and for such further period in addition thereto as
12 may be necessary or desirable in the discretion of the Com-
13 mission, any Federal or State laws, or laws relating to the
14 District of Columbia to the contrary notwithstanding: *Pro-*
15 *vided, however,* That such association shall neither obtain
16 nor provide any insurance for its members after the date
17 of the approval of this Act except in the manner and to the
18 extent set forth in paragraph (a) hereof.

19 “(c) The operation and management of such associa-
20 tion shall be subject to the supervision of the Commission
21 and to the extent that assets are available therefor the Com-
22 mission shall be reimbursed by the association for any ex-
23 penses incurred in connection therewith.

24 “(d) The members of such association shall not by rea-

1 son thereof be disqualified for the insurance benefits provided
2 by this Act if otherwise eligible therefor.”

3 That (a) section 5 (c) of the Federal Employees' Group
4 Life Insurance Act of 1954 is amended to read as follows:

5 “(c) The sums withheld from employees under subsection
6 (a) and the sums contributed from appropriations and funds
7 under subsection (b) shall be deposited in the Treasury of
8 the United States to the credit of a fund which is hereby
9 created. Said fund is hereby made available without fiscal
10 year limitation for premium payments under any insurance
11 policy or policies purchased as authorized in sections 7 and
12 10 of this Act, for the payment of any obligations under
13 agreements assumed pursuant to section 10 of this Act, and
14 for any expenses incurred by the Commission in the adminis-
15 tration of this Act within such limitations as may be specified
16 annually in appropriation acts: Provided, That appropria-
17 tions available to the Commission for salaries and expenses
18 for the fiscal year 1955 shall be available on a reimbursable
19 basis for necessary administrative expenses of carrying out
20 the purposes of this Act until said fund shall be sufficient to
21 provide therefor. The income derived from any dividends or
22 premium rate adjustments received from insurers shall con-
23 stitute a part of said fund.”

1 (b) Section 5 of said Act is amended by adding the
2 following subsection at the end thereof:

3 “(d) The Secretary of the Treasury is authorized to
4 invest and reinvest the moneys in the fund created by section
5 5 (c), or any part thereof, in interest-bearing obligations of
6 the United States and to sell such obligations of the United
7 States for the purposes of the fund. The interest on and the
8 proceeds from the sale of any such obligations shall become a
9 part of the fund.”

10 SEC. 2. (a) The third proviso of section 7 (d) of said
11 Act is hereby repealed.

12 (b) Section 7 (e) of said Act is amended to read as
13 follows:

14 “(e) The companies eligible to participate as reinsurers,
15 and the amount of insurance under the policy or policies to be
16 allocated to each issuing company or reinsurer, may be re-
17 determined by the Commission for and in advance of any
18 policy year after the first, on a basis consistent with subsec-
19 tions (c) and (d) of this section, with any modifications
20 thereof it deems appropriate to carry out the intent of such
21 subsections, and based on each participating company's group
22 life insurance in force in the United States on the most recent
23 December 31 for which information is available to it, exclud-
24 ing that under any policy or policies purchased under this
25 Act, and shall be so redetermined in a similar manner not less

1 often than every three years or at any time that any par-
2 ticipating company withdraws from participation: Provided,
3 That if, upon any such redetermination, in the case of any
4 issuing company or reinsurer which insured employees of the
5 Federal Government on December 31, 1953, under policies
6 issued to an association of Federal employees, the amount
7 which results from the application of the formula referred to
8 in subsection (d) of this section is less than the total decrease,
9 if any, since December 31, 1953, in the amount of such com-
10 pany's insurance under such policies, the amount allocated to
11 such company shall be increased to the amount of such de-
12 crease: Provided further, That any increase in the amount
13 allocated to such company by application of the preceding
14 proviso shall be reduced by the amount or amounts of any
15 policy or policies purchased from such company under the
16 authorization of section 10 of this Act, and in force on the
17 date of such redetermination."

18 SEC. 3. Section 10 of said Act is amended to read as
19 follows:

20 "SEC. 10. (a) The Commission is authorized to arrange
21 with any nonprofit association of Federal or District of
22 Columbia employees for the assumption by the fund created
23 by section 5 (c) of all life insurance agreements, including
24 all benefits contained therein, obtained or provided by such
25 association for its members.

1 “(b) The Commission is authorized, without regard to
2 other sections of this Act and without regard to section 3709
3 of the Revised Statutes as amended, to purchase from one
4 or more life insurance companies, as determined by the Com-
5 mission, a policy or policies of group life insurance to insure
6 all or any portion of the life insurance agreements obtained
7 or provided by an association for its members and assumed
8 under this section: Provided, That any such company must be
9 either (1) the company then insuring such members under
10 a policy or policies issued to such association; or (2) a com-
11 pany which is an insurer or a reinsurer under section 7 of
12 this Act. The Commission may at any time discontinue any
13 policy or policies it has purchased from any insurance
14 company.

15 “(c) Any association accepting such arrangement shall,
16 in consideration therefor, pay over and transfer to the Com-
17 mission (1) an amount equal to the actuarial value, as
18 determined by the Commission, of the insurance obligations
19 assumed by the fund created by section 5 (c), or (2) the
20 total assets of the life insurance fund of such association,
21 whichever is the lesser. Such payment and transfer shall be
22 a premium for the purchase of the Government insurance
23 arrangement, shall be deposited in the fund created by sec-
24 tion 5 (c), and shall be accomplished in accordance with

1 the procedures and conditions prescribed by the Commission,
2 and in accordance with the requirements of applicable law.

3 “(d) The arrangements authorized by this section shall
4 be made within six calendar months following the date of
5 enactment of this amending Act, or such later date as the
6 Commission may agree when there are extenuating circum-
7 stances, but not later than August 17, 1957, and such
8 arrangements shall apply only to life insurance agreements
9 existing on both the date of the approval of this amendment
10 and on the date of the respective arrangement.

11 “(e) Any such arrangement shall provide that the con-
12 tinuation of the insurance coverage of such members shall be
13 conditioned upon their payment to the fund created by section
14 5 (c), in such manner and under such conditions as the
15 Commission may prescribe, of premium payments equal to
16 the premiums or dues previously payable by them for such
17 insurance coverage.

18 “(f) The members of such associations shall not by rea-
19 son of any such arrangements be disqualified from any other
20 insurance benefits provided by this Act if otherwise eligible
21 therefor.”

Amend the title so as to read: “A bill to amend the
Federal Employees’ Group Life Insurance Act of 1954.”

A BILL

To amend section 10 of the Federal Employees Group Life Insurance Act of 1954, authorizing the assumption of the insurance obligations, of any nonprofit association of Federal employees with its members, and for other purposes.

By Mr. JOHNSTON of South Carolina

APRIL 25, 1955

Read twice and referred to the Committee on Post Office and Civil Service

JUNE 28 (legislative day, JUNE 27), 1955
Reported with amendments

18. PERSONNEL. The Davis subcommittee of the Post Office and Civil Service Committee ordered reported to the full committee H. R. 3687, to permit inclusion of State service for computing the amount of annuity (p. D638).
A subcommittee of the Judiciary Committee ordered favorably reported to the full committee H. R. 2383, amended, Inventive Contributions Awards Act of 1955 (p. D637).
19. LANDS. A subcommittee of the Interior and Insular Affairs Committee approved for reporting to the full committee H. R. 4308, H. R. 4303, and S. 1177, for the relief of desert-land entrymen whose entries are dependent upon percolating waters for reclamation (p. D637).

SENATE

20. DEBT LIMIT. The Finance Committee reported without amendment H. R. 6992, to extend for 1 year the existing temporary increase in the public-debt limit (S. Rept. 688) (p. 8102).
21. POSTAL RATES. Passed with amendment S. 1292, to readjust postal classification on educational and cultural materials (pp. 8076-80).
22. WILDLIFE. Passed as reported S. 756, to authorize the appropriation of accumulated receipts in the Federal-aid-to-wildlife-restoration fund established by the Pittman-Robertson Act and to authorize the expenditure of funds apportioned by a State under such act for the management of wildlife areas and resources (p. 8082).
23. PERSONNEL. The Finance Committee reported with amendment H. R. 5560, to make permanent the existing privilege of free importation of personal and household effects brought into the U. S. under Government orders (S. Rept. 690) (p. 8102).
Passed as reported S. 1041, to provide for the inclusion in the computation of accredited service, for retirement purposes, of certain periods of service rendered States or instrumentalities of States (pp. 8075-6). The bill applies to certain Federal employees who in the past were employed on Federal-State projects financed wholly or in part by the Federal Government; it provides that such service shall be credited for retirement purposes provided: (1) the performance of such service is certified by the head of the executive department of the Federal Government which administers the law authorizing the program; (2) the employee has at least 5 years of Federal service in a position within the purview of the Act, other than in a position described in this bill, at the time of his retirement or death; and (3) the employee deposits to the credit of the civil-service retirement fund an amount equal to the sum which would have been deducted from his basic compensation had he been subject to the Civil Service Retirement Act, plus the requested interest.

As reported (see Digest 108), S. 59 makes retroactive to April 1, 1948, a 1949 amendment to the Civil Service Retirement Act extending to each retiring married female employee the privilege of naming her husband to receive a survivor annuity in event of her death, similar to the annuities which retiring male employees were able to provide for their wives through the 1948 amendment.

Passed as reported S. 1792, to amend section 10 of the Federal Employees Group Life Insurance Act of 1954, authorizing the assumption of the insurance obligations of any nonprofit association of Federal employees with its members (pp. 8100-2). The bill would make possible the continuance of the life-insurance protection held by about 135,000 Federal employees, both active and retired, as members of various nonprofit beneficial associations through an

arrangement made by the Civil Service Commission and each interested association, whereby the Employees' Life Insurance Fund would assume the insurance obligations and receive the association's assets together with future premium payments. The bill would also authorize the Commission to insure obligations so assumed with the life-insurance company now underwriting the association insurance, or with any other company which is an insurer or reinsurer under the act.

Passed without amendment S. 1849, to provide for the granting of career-conditional and career appointments in the competitive civil service to indefinite employees who previously qualified for competitive appointment (pp. 8074-5). As reported (see Digest 102), S. 1849 provides "that indefinite employees (except employees whose salary rate is fixed by the act of July 6, 1945, as amended) who are serving on the effective date of enactment in positions in the competitive service, and who were so serving on January 23, 1955, would have their indefinite appointments converted to career-conditional or career appointments if they were certified and within reach for indefinite appointment on competitive civil-service registers appropriate for indefinite appointment to jobs they held between June 30, 1950, and January 23, 1955. Determination as to whether they would receive career or career-conditional appointments would depend upon their length of service during such period of time."

24. LEGISLATIVE PROGRAM. Sen. Johnson announced that today, following the call of the calendar for unobjected-to bills, consideration will be given to the following bills: to increase the public debt limit, free importation of personal effects from abroad; conference reports on defense and D. C. appropriations if received; and that on Fri. it is hoped the military construction bill can be considered (pp. 8065-6).

BILLS INTRODUCED

25. FARM PROGRAM. H. R. 7090, by Rep. Abbitt, to "further amend the Agricultural Adjustment Act of 1938;" to Agriculture Committee (p. 8151).
26. MONOPOLIES. H. R. 7096, by Rep. Roosevelt, to amend sections 3 and 4 of the Clayton Act to free those in commerce from restraints of trade and to allow small-business men freedom of choice in the conduct of their respective businesses as independent enterprises; to Judiciary Committee (p. 8151).
27. PROPERTY. H. R. 7098, by Rep. Wilson, Calif., establishing a general policy and procedures with respect to payments to State and local governments on account of Federal real property and tangible personal property; to Interior and Insular Affairs Committee (p. 8151).
- S. 2364, by Sen. Smathers (for Sen. Kennedy), "to amend the Federal Property and Administrative Service Act of 1949, as amended;" to Government Operations Committee (p. 8068). Remarks of author (pp. 8068-9).
- S. 2368, by Sen. Smathers (for Sen. Kennedy), to add a new title relating to real property management to the Federal Property and Administrative Services Act of 1949, as amended; to Government Operations Committee (p. 8068). Remarks of author (pp. 8068-9).
28. DONATION. H. R. 7109, by Rep. Watts, to establish a system of distribution of surplus agricultural commodities to unemployed persons; to Agriculture Committee (p. 8151).
29. STORAGE. S. 2365, by Sen. Smathers (for Sen. Kennedy), extending the authority of the General Services Administration with respect to warehouses and other storage facilities operated by civilian agencies of the Government; to Government Operations Committee (p. 8068). Remarks of author (pp. 8068-9).

the House of Representatives, the Congress hereby finds that—

(1) The catastrophe known as the Texas City disaster of 1947, in which over 570 persons were killed, 3,500 persons were injured, and great property losses occurred, was the result of explosions of ammonium nitrate fertilizer on board vessels destined for France as a part of this Nation's program of foreign aid to various war-ravaged and famine-stricken areas overseas.

(2) The two shiploads of ammonium nitrate fertilizer exploding at Texas City, Tex., on April 16 and 17, 1947, had been produced and distributed at the instance, according to the specifications, and under the control of the United States, and despite the highly explosive nature of the fertilizer, it was not so labeled or marked to warn those who conducted its handling and loading.

(3) The Congress recognizes and assumes the equitable and compassionate responsibility of the United States for the damages sustained by reason of these explosions and fires and hereby provides the procedure by which the amounts shall be determined and paid.

PROCEDURE ON CLAIMS

SEC. 3. (a) That exclusive and special jurisdiction be, and the same is hereby conferred upon the United States District Court for the Southern District of Texas, notwithstanding any prior determination, or any statute of limitations, to hear, determine, and render judgment for the damages suffered for property loss, death, and personal injuries, resulting from the explosions and fires at Texas City, Tex., on April 16 and 17, 1947, commonly referred to as the "Texas City disaster."

(b) The United States District Court for the Southern District of Texas, with the aid of the masters appointed as provided for herein, shall receive evidence of, investigate, and allow and fix the amount to be awarded in each of the claims for damages against the United States sustained by individuals, firms, companies, associations, and corporations as a result of the Texas City disaster, subject to exceptions and limitations herein-after provided.

(c) Under such rules as the senior judge of the United States District Court for the Southern District of Texas may promulgate, the court may appoint such number of masters, commissioners, and clerical assistants, on a temporary basis, as may be necessary to determine and report the amounts due under each suit filed, it being the desire and purpose of the Congress that the United States District Court for the Southern District of Texas appoint as many masters and commissioners as shall be sufficient in number to avoid any impairment of the regular work of that court. The masters or commissioners so appointed shall receive reasonable fees, to be fixed by the court, not to exceed \$50 per diem each, such fees to be taxed by the court against the United States Government as costs to be included as a separate item in each judgment entered and certified to the Secretary of the Treasury for payment in accordance with section 7 (b) and the compensation of clerical assistants so appointed shall be fixed by the Director of the Administrative Office of the United States Courts without regard to the Classification Act of 1949, as amended. Such masters, commissioners, and clerical assistants shall be reimbursed for necessary travel and subsistence expenses incurred by them while traveling on official business, in accordance with regulations promulgated by the Director of the Administrative Office of the United States Courts. Appropriations for salaries of supporting personnel and for travel and miscellaneous expenses contained in the Judiciary Appropriation Act, 1956, are hereby made available for the payment of the fees, compensation, and expenses authorized to be paid under this subsection, and there are

hereby authorized to be appropriated such additional amounts as may be necessary for such purposes.

SEC. 4. (a) The United States District Court for the Southern District of Texas, with the aid of the masters and commissioners provided for in section 2 (c), shall limit itself to the determination of (1) the amount of damages sustained by each claimant and to be paid pursuant to this act, and (2) the individuals, firms, companies, associations, legal representatives, and corporations entitled to receive the same, it being the intention and purposes of this act, and of the Congress, to recognize and assume the equitable and compassionate responsibility and liability for the damages sustained at Texas City as a result of that disaster on April 16 and 17, 1947, and to submit only to the judicial determination of the United States District Court for the Southern District of Texas the damages to be fixed and allowed in each suit filed.

(b) The United States, as the defendant, may appear in any and all proceedings before the United States District Court for the Southern District of Texas, and any hearings held by that court, or the masters and commissioners provided for, and oppose the grant and entry of any judgment and the amount of damages to be awarded, if any, by the court, subject to the limitations contained in subsection (a) of this section.

SEC. 4. (a) A copy of the petition in each suit against the United States filed under this act shall, within 20 days after the filing thereof, be served by delivery thereof to the office of the United States attorney for the southern district of Texas. Any reply or pleading in response to any such petition so filed shall be presented and filed with the clerk of the court within 20 days after service thereof on the office of the United States attorney.

(b) Prior to the expiration of 60 days after the effective date of this act, the United States District Court for the Southern District of Texas shall promulgate and publish special rules of procedure for handling the suits to which this act applies. Unless otherwise in conflict with such special rules, the rules of civil procedure, and the local rules of the Southern District of Texas, as amended, shall be controlling in the handling of such suits.

(c) The United States District Court for the Southern District of Texas, with the aid of the masters provided for, shall determine and fix damages, if any, in the case of each suit presented, within 12 months from the date on which the claim is submitted.

LIMITATIONS AND EXCEPTIONS

SEC. 5. (a) No judgment shall be allowed in any suit unless, prior to the expiration of 180 days after the effective date of this act, the claimant shall have filed his suit in writing with the United States District Court for the Southern District of Texas, in accordance with the rules prescribed by that court, or the rules of civil procedure and local rules where not in conflict with any special rules promulgated by the court.

(b) No judgment for recovery on any damages or any claim filed shall be entered by the United States District Court for the Southern District of Texas for payment under this act unless it shall have first been found by the court that such a claim on which a judgment is entered was a part of a civil action filed against the United States in a United States district court prior to April 25, 1950: *Provided*, That the United States district court, for good cause shown by evidence presented, may waive the failure of filing a claim prior to April 25, 1950, where it is shown that the claimant, because of infancy, insanity, or other legal disability, was unable to bring such civil action.

(c) Claims for death, personal injuries, and property damage, made by individuals, firms,

companies, associations, and corporations, other than insurance companies, shall be limited to actual damage sustained, as determined by the laws of the State of Texas, less any payment received by the claimant from an insurance company. The term "an insurance company" as used herein means any insurance corporation, firm, or association, which, under the laws of the State of Texas, has a right of subrogation, or which would have such right except for this subsection. No insurance company shall have any right to receive any part of any claim approved under the foregoing provisions of this act. No part of any judgment entered under the provisions of this subsection shall be paid over to any insurance company, and whoever violates the provisions of this subsection shall be fined not to exceed \$5,000.

SEC. 6. (a) Any final judgment entered by the United States district court, fixing and awarding money damages on claims filed under this act, shall be subject to review on appeal as to the extent of such damages so awarded, and as to the individuals, firms, companies and legal representatives, and corporations entitled to receive the same, in the same manner and to the same extent as other judgments of the United States district courts: *Provided, however*, That no appeal may be taken on any issue of liability of the United States for such damages resulting from the Texas City disaster.

SEC. 7. (a) The Attorney General, acting through the United States district attorney for the southern district of Texas, may negotiate, compromise, or settle any suit cognizable under this act, provided the same is approved by the court and entered as an agreed judgment.

(b) Each and every final judgment certified by the United States District Court for the Southern District of Texas pursuant to this act shall be paid by the Secretary of the Treasury out of the moneys in the Treasury not otherwise appropriated.

(c) Any payment under the provisions of this act of any judgment so reported shall be in full settlement and discharge of all claims against the Government of the United States made by the particular claimant in the suit in which the judgment so certified was entered.

SEC. 8. (a) The Secretary of the Treasury, before paying any judgments certified to him, shall require of, and receive, from the claimants, persons, firms, corporations, and legal representatives awarded any part of the damages found by the district court judgment, an assignment to the United States to the extent of the payment to be made by the Secretary of any right of action arising out of the Texas City disaster, which such parties participating in the judgment award may have against a third party.

SEC. 9. (a) The United States District Court for the Southern District of Texas, with the aid of the masters and commissioners provided for herein, shall, as a part of such judgment, award, or settlement, determine and allow reasonable attorneys' fees which shall not exceed 10 percent of the amount so recovered, to be paid out of, but not in addition to, the amount of the judgment awarded, to the attorneys of record representing the claimants and parties named in said judgment. Any attorney who charges, demands, receives, or collects for services rendered in connection with such a claim any amount in excess of that allowed under this section, if recovery be had, shall be fined not more than \$2,000 or imprisoned not more than 1 year, or both.

Mr. JOHNSTON of South Carolina. Mr. President, the subject matter of the bill has been under consideration at several sessions of the Congress over a period of several years. There have been four hearings by separate committees

of the House, and Senate. A subcommittee of the House visited the scene of the disaster several years ago, heard many witnesses, and submitted a rather lengthy report covering every phase of the damage suffered by the citizens of Texas. The report also covered property damage resulting from the explosions of two shiploads of so-called fertilizer.

The conclusions of all the committees are that the Government is responsible. They can be pointed up in the remarks of Mr. Justice Jackson, when the Supreme Court considered these cases, in a test case, so far as concerns placing the responsibility directly on the Government for the cause of the great loss of life and property damage involved. Mr. Justice Jackson in *Dalehite v. United States* (346 U. S. 15, 48), said:

This was a man-made disaster; it was in no sense an "act of God." The fertilizer had been manufactured in Government-owned plants at the Government's order and to its specifications. It was being shipped at its direction as part of its program of foreign aid. The disaster was caused by forces set in motion by the Government, completely controlled or controllable by it. Its causative factors were far beyond the knowledge or control of the victims; they were not only incapable of contributing to it, but could not even take shelter or flight from it.

This view from the minority opinion from the Supreme Court—the decision was by a vote of 4-to-3—is not in disagreement with the basic ruling of the majority of the Court, for at page 24 of the opinion, the Court held:

Even assuming their correctness arguendo, though, it is our judgment that they do not establish a case within the act. This is for the reason that as a matter of law the facts found cannot give the district court jurisdiction of the cause under the Tort Claims Act.

Over 570 persons were killed, and over 3,500 were injured. There was property damage estimated in the millions of dollars. The 4 committees of Congress agreed with the trial court in its finding of fact that the record discloses blunders, mistakes, and acts of negligence, both of omission and commission, on the part of the Government's agents and employees. The so-called fertilizer, with its high content of ammonium nitrate, and the special treatment given it to keep it from solidifying, were from the beginning of its manufacture, down to the very day of the disaster in the hold of the ship, under the complete control, supervision, and domination of the United States Government. These people were killed suddenly, without any warning or notice. Thousands were maimed and wounded by the spontaneous explosion. As said by Justice Jackson, they had no knowledge of the dangerous character of the substance they were handling. They could neither control it nor could they take shelter or flight from it.

Mr. President, the Members of the Senate will realize that if the Government had let it be known how dangerous handling the fertilizer was, much more than the amount the Government paid for handling it would have had to be paid.

In the test case the Court relieved the Government of liability, by reason of a

technical provision of the Federal Torts Act, holding that the shipment of the fertilizer was in the exercise of a discretionary, governmental function. The moral, equitable, and compassionate responsibility could not be considered under the Federal Torts Act.

Mr. President, the bill, as the committee proposes that it be amended, will eliminate the provision for the creation of an executive or administrative commission to consider the claims, but will substitute the United States District Court for the Southern District of Texas, so as to have it, with the aid of masters, hear the complaints and fix the damages. The committee felt that a judicial function, rather than an executive or administrative function, was involved. The committee felt that the court could better award damages through its masters than could an executive commission.

Claims of insurance companies, in the nature of subrogated claimants, have been eliminated from S. 1077.

The committee was unanimous in recommending that attorneys' fees not exceeding 10 percent be allowed in the discretion of the court, such sums to be carved out of the total award, and not to be in addition to it. These attorneys have worked for years before the courts and the committees of Congress, in presenting the claims of those who suffered by reason of the Government's negligence.

The committee was in full accord with the view that the representatives of those killed, those injured, and those whose property was destroyed, had never had their day in court, since the Supreme Court and the circuit court of appeals held, in effect, that they were denied an opportunity to assert their claims, by reason of the exceptions contained in the Federal Torts Act. In the press, there have been statements to the effect that S. 1077 creates a giveaway program. Those statements are not true. Nothing of the kind is provided in the bill. These claims are like any other claims against the Government and all other claims against the Government which the Congresses from the beginning of our Government have allowed, prior to the passage of the Federal Torts Act. A part of the responsibility for certain claims was vested in the United States courts by the Torts Act. S. 1077 vests jurisdiction in the Texas court, which, without the enactment of the bill, has no jurisdiction to consider the claims for the dead and injured, or for the property damaged in this wholly and completely mad-made disaster, which both the courts and several congressional committees have said is solely attributable to the Government, by reason of its negligence of omission and commission.

Mr. President, heretofore the Senate has passed a similar bill, and the House of Representatives has done likewise. But it seems that such a bill has never before been passed by both Houses at the same session.

The committee has made a unanimous report in favor of passage of the bill.

Mr. DANIEL. Mr. President, I desire to express to the Senator from South Carolina the appreciation of my colleague from Texas and myself for the

work the Senator from South Carolina has done on this bill. We are grateful to him and to his subcommittee and to the full Committee on the Judiciary.

As he has stated, the bill now is limited to the payment of damages to those whose loved ones were killed in the explosion, and to those who were injured and who suffered property damage.

Mr. President, our Government has been very quick to compensate those who suffered loss because of our atomic tests in the Pacific. The Congress has been very quick to compensate those who have suffered loss as a result of the other actions of our Federal officials.

These explosions and fires at Texas City resulted from a foreign-aid program to help the war-ravaged areas of France. The fertilizer involved in this case was being shipped to France under that program. The explosions occurred on the boat loaded with that highly explosive ammonium nitrate. Those who suffered as a result of the explosion should be compensated—as both the Senate and the House of Representatives decided last year.

So, Mr. President, I hope the bill will be passed.

Mr. JOHNSON of Texas. Mr. President, will my colleague yield to me?

Mr. DANIEL. I yield.

Mr. JOHNSON of Texas. Mr. President, I desire to express publicly my sincere appreciation of the very fine work done by my distinguished colleague, the junior Senator from Texas, who has co-authored the bill with me. I greatly appreciate the many hours of work he did in the committee, and the thoroughness with which he went into all the details of the bill. I am very fortunate in having a colleague like Senator DANIEL, and I am most grateful to him.

I also desire to express my very deep appreciation of my friend, the Senator from South Carolina [Mr. JOHNSTON], who always is very helpful, and who carries a very heavy committee load. He is a distinguished member of three Senate committees. I know of no Member of the Senate who handles more legislative proposals than does the able senior Senator from South Carolina, or who handles them better on the floor of the Senate. I express to him my deep appreciation, on behalf of my constituents. He and the other members of the committee are about to see the Senate pass a bill which I think will do both justice and equity.

The PRESIDING OFFICER (Mr. STENNIS in the chair). The question is on agreeing to the committee amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

AMENDMENT OF FEDERAL EMPLOYEES LIFE INSURANCE ACT OF 1954

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 691, Senate bill 1792.

The PRESIDING OFFICER. The bill will be stated by title, for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 1792) to amend section 10 of the Federal Employees Group Life Insurance Act of 1954, authorizing the assumption of the insurance obligations of any nonprofit association of Federal employees with its members, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Post Office and Civil Service, with an amendment, to strike out all after the enacting clause and insert:

That (a) section 5 (c) of the Federal Employees' Group Life Insurance Act of 1954 is amended to read as follows:

"(c) The sums withheld from employees under subsection (a) and the sums contributed from appropriations and funds under subsection (b) shall be deposited in the Treasury of the United States to the credit of a fund which is hereby created. Said fund is hereby made available without fiscal year limitation for premium payments under any insurance policy or policies purchased as authorized in sections 7 and 10 of this act, for the payment of any obligations under agreements assumed pursuant to section 10 of this act, and for any expenses incurred by the Commission in the administration of this act within such limitations as may be specified annually in appropriation acts: *Provided*, That appropriations available to the Commission for salaries and expenses for the fiscal year 1955 shall be available on a reimbursable basis for necessary administrative expenses of carrying out the purposes of this act until said fund shall be sufficient to provide therefor. The income derived from any dividends or premium rate adjustments received from insurers shall constitute a part of said fund."

(b) Section 5 of said act is amended by adding the following subsection at the end thereof:

"(d) The Secretary of the Treasury is authorized to invest and reinvest the moneys in the fund created by section 5 (c), or any part thereof, in interest-bearing obligations of the United States and to sell such obligations of the United States for the purposes of the fund. The interest on and the proceeds from the sale of any such obligations shall become a part of the fund."

SEC. 2. (a) The third proviso of section 7 (d) of said act is hereby repealed.

(b) Section 7 (e) of said act is amended to read as follows:

"(e) The companies eligible to participate as reinsurers, and the amount of insurance under the policy or policies to be allocated to each issuing company or reinsurer, may be redetermined by the Commission for and in advance of any policy year after the first, on a basis consistent with subsections (c) and (d) of this section, with any modifications thereof it deems appropriate to carry out the intent of such subsections, and based on each participating company's group life insurance in force in the United States on the most recent December 31 for which information is available to it, excluding that under any policy or policies purchased under this act, and shall be so redetermined in a similar manner not less often than every 3 years or at any time that any participating company withdraws from participation: *Provided*, That if, upon any such redetermination, in the case of any issuing company or reinsurer which insured employees of the Federal Government on December 31, 1953, under policies issued to an association of Federal employees, the amount which results from the application of the formula referred to in subsection (d) of this section

is less than the total decrease, if any, since December 31, 1953, in the amount of such company's insurance under such policies, the amount allocated to such company shall be increased to the amount of such decrease: *Provided further*, That any increase in the amount allocated to such company by application of the preceding proviso shall be reduced by the amount or amounts of any policy or policies purchased from such company under the authorization of section 10 of this act, and in force on the date of such redetermination."

SEC. 3. Section 10 of said act is amended to read as follows:

"SEC. 10. (a) The Commission is authorized to arrange with any nonprofit association of Federal or District of Columbia employees for the assumption by the fund created by section 5 (c) of all life-insurance agreements, including all benefits contained therein, obtained or provided by such association for its members.

"(b) The Commission is authorized, without regard to other sections of this act and without regard to section 3709 of the Revised Statutes as amended, to purchase from one or more life-insurance companies, as determined by the Commission, a policy or policies of group life insurance to insure all or any portion of the life-insurance agreements obtained or provided by an association for its members and assumed under this section: *Provided*, That any such company must be either (1) the company then insuring such members under a policy or policies issued to such association; or (2) a company which is an insurer or a reinsurer under section 7 of this act. The Commission may at any time discontinue any policy or policies it has purchased from any insurance company.

"(c) Any association accepting such arrangement shall, in consideration therefor, pay over and transfer to the Commission (1) an amount equal to the actuarial value, as determined by the Commission, of the insurance obligations assumed by the fund created by section 5 (c), or (2) the total assets of the life insurance fund of such association, whichever is the lesser. Such payment and transfer shall be a premium for the purchase of the Government insurance arrangement, shall be deposited in the fund created by section 5 (c), and shall be accomplished in accordance with the procedures and conditions prescribed by the Commission, and in accordance with the requirements of applicable law.

"(d) The arrangements authorized by this section shall be made within 6 calendar months following the date of enactment of this amending act, or such later date as the Commission may agree when there are extenuating circumstances, but not later than August 17, 1957, and such arrangements shall apply only to life-insurance agreements existing on both the date of the approval of this amendment and on the date of the respective arrangement.

"(e) Any such arrangement shall provide that the continuation of the insurance coverage of such members shall be conditioned upon their payment to the fund created by section 5 (c), in such manner and under such conditions as the Commission may prescribe, of premium payments equal to the premiums or dues previously payable by them for such insurance coverage.

"(f) The members of such associations shall not by reason of any such arrangements be disqualified from any other insurance benefits provided by this act if otherwise eligible therefore."

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. JOHNSTON of South Carolina. Mr. President, the bill as proposed to be amended is designed to make possible the continuance of the life-insurance protection held by about 135,000 Federal em-

ployees, both active and retired, as members of various nonprofit beneficial associations. This would be accomplished by an arrangement made by the Civil Service Commission and each interested association, whereby the Employees' Life Insurance Fund would assume the insurance obligations and receive the association's assets together with future premium payments. The bill also authorizes the Commission to insure the obligations so assumed with the life-insurance company now underwriting the association insurance, or with any other company which is an insurer or reinsurer under the act.

The bill represents agreement between the Civil Service Commission, the associations, and the insurers that it offers a workable solution to a problem which has given the committee great concern.

It became known soon after the Federal Employees' Group Life Insurance Act of 1954 was enacted that section 10 was unworkable and inequitable and would have to be amended in order to protect and perpetuate the life-insurance policies of over 135,000 present and former Federal employees held with various beneficial associations.

S. 1792 was introduced on April 25, 1955. It was designed to provide the necessary protection but would have continued the beneficial associations in business for the collection of premium payments by the policyholders and the liquidation of assets on their books.

The Civil Service Commission submitted draft legislation to Congress on May 18, 1955. The suggested legislation would have protected the policies of retired Federal employees but would give no protection to active Federal employees.

Subsequent to the introduction of S. 1792 and the submission of draft legislation by the Civil Service Commission a series of meetings were held between the Commission and representatives of the 135,000 policyholders as a result of which the language of S. 1792, as amended, was mutually agreed to by all concerned. The only difference between S. 1792 as introduced and S. 1792, as amended, is that the Civil Service Commission will serve as the agency for the collection of premium payments instead of the beneficial associations. The Commission believed this would prove to be more economical and the associations agreed.

The bill before the Senate at the present time represents the combined work of the committee and the Commission on this particular legislation. We ask that the bill be passed.

Mr. CARLSON. Mr. President, as the distinguished chairman of the Committee on Post Office and Civil Service has stated, this bill comes from the committee with a unanimous report.

In the 83d Congress I was chairman of the Committee on Post Office and Civil Service. At that time I introduced the Federal employees group life insurance program, on which our committee held hearings. The bill was reported to the Senate, passed by the Congress, and signed by the President. It is a part of the President's program for improving

the welfare and working conditions of Federal employees.

As has been stated by the Chairman, it developed that section 10 of the bill would require some additional consideration. The Civil Service Commission has made studies, as have the various insurance agencies which, previous to the time of Federal group life insurance, were taking care of the insurance of Federal employees. Some provision must be made to protect the interests which have been accumulated over the many years during which certain employees have been paying into the various insurance funds.

It was for this reason that the bill before the Senate today was presented by the Civil Service Commission, which handled the group life insurance program. It is willing to assume the obligations of the private companies, in order to protect the interests of employees who for many years have contributed money to the various insurance funds.

I think this is not only a timely bill but that it is one which must be passed in order to protect our Government employees, who were frugal enough to build their own life insurance programs. Now that we have a Federal group life insurance program, it is only fair that we assume these obligations and protect the interests of the policyholders and the various private agencies which desire to participate in the program as originally provided.

I hope the Senate will pass the bill unanimously.

Mr. JOHNSTON of South Carolina. Mr. President, I thank the Senator for his remarks. Last year we thought the situation was being properly taken care of. When I learned this year that it was not, I immediately introduced a bill to clarify the situation.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to amend the Federal Employees' Group Life Insurance Act of 1954."

REPORTS OF COMMITTEE ON FINANCE

Mr. JOHNSON of Texas. Mr. President, on behalf of the chairman of the Committee on Finance, the Senator from Virginia [Mr. BYRD], I report 3 bills from that committee; 1 is the bill (H. R. 5560) relating to the free importation of personal and household effects brought into the United States under Government orders, and for other purposes, 1 is the bill (H. R. 4182) for the relief of the Highway Construction Company of Ohio, Inc., and the third is the bill (H. R. 6992) to extend for 1 year the existing temporary increase in the public-debt limit, and I submit reports thereon, and ask that the reports be received and printed.

For the information of the Senate, one of these bills is a bill to provide for

an increase in the public debt. I expect to call up the bill tomorrow if the printed report is available.

The second is a bill extending to citizens on foreign assignments the right to bring in, free of duty, their personal household goods. That right would be extended to citizens of the United States who have foreign assignments in the service.

The third is a private bill. I hope the printed reports on all three bills will be available. I serve notice that they may be called up in the Senate tomorrow.

The PRESIDING OFFICER. The reports will be received and the bills will be placed on the calendar.

The bills reported by Mr. JOHNSON of Texas (for Mr. BYRD) are as follows:

H. R. 6992. A bill to extend for 1 year the existing temporary increase in the public-debt limit; without amendment (Rept. No. 888);

H. R. 4182. A bill for the relief of the Highway Construction Company of Ohio, Inc.; with an amendment (Rept. No. 689); and

H. R. 5560: A bill relating to the free importation of personal and household effects brought into the United States under Government orders, and for other purposes; with an amendment (Rept. No. 690).

ANNOUNCEMENT OF PROGRAM FOR TOMORROW

Mr. JOHNSON of Texas. Mr. President, for the information of the Senate, I should like to announce that the conferees on the District of Columbia appropriation bill and the conferees on the Defense Department appropriation bill have reached agreement. As the Senate knows, the House will consider the conference reports first. If the House adopts the reports early tomorrow, I expect to ask the Senate to proceed forthwith to their consideration. I ask all Senators to be on notice in that regard.

In that connection I should like to commend the distinguished chairmen of the subcommittees who brought about agreement on the disagreeing votes of the two Houses, the able Senator from Mississippi [Mr. STENNIS], who now occupies the chair, and the very able senior Senator from New Mexico [Mr. CHAVEZ]. They have done an excellent job, and I am very proud to commend them.

The PRESIDING OFFICER. What is the pleasure of the Senate?

ISSUANCES OF PATENTS FOR CERTAIN LANDS IN FLORIDA

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 692, Senate bill 464.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 464) to authorize the Secretary of the Interior to issue patents for certain lands in Florida bordering on Indian River.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill which had been reported from the Committee on Interior and Insular Affairs, with an amendment, on page 1, line 3, after the enacting clause, to strike out: That the Secretary of the Interior is authorized and directed to issue patents to persons, or their predecessors in interest, in township 27 south, range 37 east, Tallahassee meridian, who hold in good faith and in peaceful, adverse possession, and who had been issued patents, prior to January 1, 1954, applying to lands abutting upon the record meander line of the east bank of Indian River as originally determined, for lands lying between such line and a line subsequently determined by the Secretary. Payment to the United States shall be made for lands so patented at the same price paid to the United States for areas in the original patent, but in no case less than \$1.25 per acre. All persons seeking to patent lands under this act shall make application to the Secretary of the Interior within 1 year from the date of enactment of this act, and the Secretary shall issue no patents until the conclusion of such period.

And in lieu thereof to insert:

That the Secretary of the Interior shall issue patents for the public lands erroneously omitted from the survey which are situated between the position of the record meander line represented on the plat approved March 10, 1845, and the actual shoreline of the Indian River in sections 11, 13, 14, 23, 24, 25, and 36 township 27 south, range 37 east, Tallahassee Meridian, Florida, to persons who hold such public lands in good faith and in peaceful adverse possession, if they or their predecessors in interest have been issued patents, prior to January 1, 1954, for the upland tracts adjoining such erroneously omitted lands. Payment to the United States shall be made for lands so patented at the same price per acre as that at which the land included in the original patent was purchased, but in no case less than \$1.25 per acre. No patent shall issue for any tract unless application for the tract is made by a qualified person within 1 year from the date of enactment of this act. The Secretary shall issue no patents until the conclusion of such period. The Secretary may, by public sale at not less than the appraised value or under any appropriate public land law, dispose of any tract of public land subject to this act which is not applied for by a qualified person within the 1-year period.

So as to make the bill read:

Be it enacted, etc., That the Secretary of the Interior shall issue patents for the public lands erroneously omitted from the survey which are situated between the position of the record meander line represented on the plat approved March 10, 1845, and the actual shoreline of the Indian River in sections 11, 13, 14, 23, 24, 25, and 36, township 27 south, range 37 east, Tallahassee Meridian, Florida, to persons who hold such public lands in good faith and in peaceful adverse possession, if they or their predecessors in interest have been issued patents, prior to January 1, 1954, for the upland tracts adjoining such erroneously omitted lands. Payment to the United States shall be made for lands so patented at the same price per acre as that at which the land included in the original patent was purchased, but in no case less than \$1.25 per acre. No patent shall issue for any tract unless application for the tract is made by a qualified person within 1 year from the date of enactment of this act. The Secretary shall issue no patents until the conclusion of such period. The Secretary may, by public sale at not less than the appraised value or under any appropriate pub-

84TH CONGRESS
1ST SESSION

S. 1792

IN THE HOUSE OF REPRESENTATIVES

JUNE 30, 1955

Referred to the Committee on Post Office and Civil Service

AN ACT

To amend the Federal Employees' Group Life Insurance Act of
1954.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) section 5 (c) of the Federal Employees' Group
4 Life Insurance Act of 1954 is amended to read as follows:
5 “(c) The sums withheld from employees under subsec-
6 tion (a) and the sums contributed from appropriations and
7 funds under subsection (b) shall be deposited in the Treasury
8 of the United States to the credit of a fund which is hereby
9 created. Said fund is hereby made available without fiscal
10 year limitation for premium payments under any insurance
11 policy or policies purchased as authorized in sections 7 and

1 10 of this Act, for the payment of any obligations under
2 agreements assumed pursuant to section 10 of this Act, and
3 for any expenses incurred by the Commission in the adminis-
4 tration of this Act within such limitations as may be specified
5 annually in appropriation acts: *Provided*, That appropria-
6 tions available to the Commission for salaries and expenses
7 for the fiscal year 1955 shall be available on a reimbursable
8 basis for necessary administrative expenses of carrying out
9 the purposes of this Act until said fund shall be sufficient to
10 provide therefor. The income derived from any dividends or
11 premium rate adjustments received from insurers shall con-
12 stitute a part of said fund.”

13 (b) Section 5 of said Act is amended by adding the
14 following subsection at the end thereof:

15 “(d) The Secretary of the Treasury is authorized to
16 invest and reinvest the moneys in the fund created by section
17 5 (c), or any part thereof, in interest-bearing obligations of
18 the United States and to sell such obligations of the United
19 States for the purposes of the fund. The interest on and the
20 proceeds from the sale of any such obligations shall become a
21 part of the fund.”

22 SEC. 2. (a) The third proviso of section 7 (d) of said
23 Act is hereby repealed.

24 (b) Section 7 (e) of said Act is amended to read as
25 follows:

1 “(e) The companies eligible to participate as reinsurers,
2 and the amount of insurance under the policy or policies to be
3 allocated to each issuing company or reinsurer, may be re-
4 determined by the Commission for and in advance of any
5 policy year after the first, on a basis consistent with subsec-
6 tions (c) and (d) of this section, with any modifications
7 thereof it deems appropriate to carry out the intent of such
8 subsections, and based on each participating company’s group
9 life insurance in force in the United States on the most recent
10 December 31 for which information is available to it, exclud-
11 ing that under any policy or policies purchased under this
12 Act, and shall be so redetermined in a similar manner not less
13 often than every three years or at any time that any par-
14 ticipating company withdraws from participation: *Provided*,
15 That if, upon any such redetermination, in the case of any
16 issuing company or reinsurer which insured employees of the
17 Federal Government on December 31, 1953, under policies
18 issued to an association of Federal employees, the amount
19 which results from the application of the formula referred to
20 in subsection (d) of this section is less than the total decrease,
21 if any, since December 31, 1953, in the amount of such com-
22 pany’s insurance under such policies, the amount allocated to
23 such company shall be increased to the amount of such de-
24 crease: *Provided further*, That any increase in the amount
25 allocated to such company by application of the preceding

1 proviso shall be reduced by the amount or amounts of any
2 policy or policies purchased from such company under the
3 authorization of section 10 of this Act, and in force on the
4 date of such redetermination.”

5 SEC. 3. Section 10 of said Act is amended to read as
6 follows:

7 “SEC. 10. (a) The Commission is authorized to arrange
8 with any nonprofit association of Federal or District of
9 Columbia employees for the assumption by the fund created
10 by section 5 (c) of all life insurance agreements, including
11 all benefits contained therein, obtained or provided by such
12 association for its members.

13 “(b) The Commission is authorized, without regard to
14 other sections of this Act and without regard to section 3709
15 of the Revised Statutes as amended, to purchase from one
16 or more life insurance companies, as determined by the Com-
17 mission, a policy or policies of group life insurance to insure
18 all or any portion of the life insurance agreements obtained
19 or provided by an association for its members and assumed
20 under this section: *Provided*, That any such company must
21 be either (1) the company then insuring such members
22 under a policy or policies issued to such association; or (2)
23 a company which is an insurer or a reinsurer under section 7
24 of this Act. The Commission may at any time discontinue

1 any policy or policies it has purchased from any insurance
2 company.

3 “(c) Any association accepting such arrangement shall,
4 in consideration therefor, pay over and transfer to the Com-
5 mission (1) an amount equal to the actuarial value, as
6 determined by the Commission, of the insurance obligations
7 assumed by the fund created by section 5 (c), or (2) the
8 total assets of the life insurance fund of such association,
9 whichever is the lesser. Such payment and transfer shall be
10 a premium for the purchase of the Government insurance
11 arrangement, shall be deposited in the fund created by sec-
12 tion 5 (c), and shall be accomplished in accordance with
13 the procedures and conditions prescribed by the Commission,
14 and in accordance with the requirements of applicable law.

15 “(d) The arrangements authorized by this section shall
16 be made within six calendar months following the date of
17 enactment of this amending Act, or such later date as the
18 Commission may agree when there are extenuating circum-
19 stances, but not later than August 17, 1957, and such
20 arrangements shall apply only to life insurance agreements
21 existing on both the date of the approval of this amendment
22 and on the date of the respective arrangement.

23 “(e) Any such arrangement shall provide that the con-
24 tinuation of the insurance coverage of such members shall be

1 conditioned upon their payment to the fund created by section
2 5 (c), in such manner and under such conditions as the
3 Commission may prescribe, of premium payments equal to
4 the premiums or dues previously payable by them for such
5 insurance coverage.

6 “(f) The members of such associations shall not by rea-
7 son of any such arrangements be disqualified from any other
8 insurance benefits provided by this Act if otherwise eligible
9 therefor.”

Passed the Senate June 29, 1955.

Attest:

FELTON M. JOHNSTON,

Secretary.

AN ACT

To amend the Federal Employees' Group Life Insurance Act of 1954.

JUNE 30, 1955

Referred to the Committee on Post Office and Civil Service

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 8, 1955
For actions of July 7, 1955
84th-1st, No. 115

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Food and drugs.....21	Personnel.....4,23,26	Weather.....13
Foreign aid.....2,8,39	Price supports.....13	Wheat.....9,38

HIGHLIGHTS: Senate committee reported bills to increase funds for Public Law 480 and transfer its administration to USDA; include onions under CEA; amend Farm Tenant Act; provide for USDA report on tobacco research program; request USDA report on tobacco research program; request USDA report on agricultural weather forecasting. Both Houses agreed to conference report on mutual security bill. House committee ordered reported bill to provide retirement credit for certain State service. House received conference report on public works appropriation bill.

HOUSE

1. APPROPRIATIONS. Received the conference report on H. R. 6766, the public works appropriation bill, which includes funds for the Atomic Energy Commission, the Tennessee Valley Authority, certain functions of the Interior Department, and certain civil functions of the Army (H. Rept. 1085) (p. 8678-83).
Received and agreed to the conference report on H. R. 6829, to authorize certain construction at military, naval, and Air Force installations, including a provision for financing certain military housing by furnishing surplus agricultural commodities (H. Rept. 1083) (pp. 8661-71).
2. FOREIGN AID. Both Houses agreed to the conference report on S 2090, the mutual security aid bill (pp. 8633-5, 8656-9). This bill is now ready for the President. See Digest 114 for statement.
3. FOREIGN TRADE. Passed as reported H. R. 6059, the bill to revise the Philippine Trade Agreements Act (pp. 8648-54).
4. PERSONNEL. The Post Office and Civil Service Committee ordered reported the following bills: ~~H. R. 6590, to prohibit Federal employment to disloyal persons or to those who believe in the right to strike against the Federal~~

Government; S. 1041, to include certain State service in computation of accredited service toward annuity; S. 1792, to amend the Federal Employees Group Life Insurance Act, regarding assumption of funds of non-profit association of Federal employees (p. D676).

The Post Office and Civil Service Committee recommended that a resolution be introduced giving the committee authority to investigate postal and civil-service matters under its jurisdiction (p. D676).

5. MINING; FORESTS. The Rules Committee reported a resolution waiving points of order and providing for debate on H. R. 6373, to extend programs to encourage the discovery, development, and production of certain domestic minerals (p. 8659).
6. ORGANIZATION. Rep. Reece inserted the statement of Mr. Hoover on June 30, 1955 which marked the end of his chairmanship of the Hoover Commission (pp. 8677-8).
7. RECLAMATION. The Interior and Insular Affairs Committee reported with amendment H. R. 4308, for the relief of desert land entrymen whose entries are dependent upon percolating waters for reclamation (H. Rept. 1084) (p. 8684).
8. LEGISLATIVE PROGRAM. The "Daily Digest" states that the House program will be as follows: "Mon., July 11, the mutual security appropriation bill; Tues., July 12, the Farm Credit Act of 1955; Wed., July 13 and balance of the week, minimum wage bill, Social Security Act amendments for 1955, H. R. 6373, extension of Domestic Minerals Program Act of 1953, and H. R. 7089, the Servicemen's and Veterans' Survivor Benefits Act." (p. D677).
9. WHEAT TRANSPORTATION. Rep. Cannon deplored the shortage of transportation facilities for the new wheat crop and suggested that the Department not ship old grain during the period when the new crop is being prepared for shipment (p. 8471, July 5).
10. FORESTRY. Passed as reported H. R. 605, which would abolish the 80-rod reservation of public ownership between public land claims located on shore waters in Alaska (pp. 8489-90, July 5).
11. ACCOUNTING. As reported (June 29), H. R. 7035 authorizes the Comptroller General to authorize reimbursement from available appropriations or funds of disbursing or other accountable officers or agents for amounts paid by them or in their behalf in restitution of an actual physical loss or deficiency. This would apply to amounts paid by or on behalf of such officers since August 1, 1947, the date of the existing law now authorizing relief but not reimbursement.

As reported (June 29), H. R. 7034 authorizes the Comptroller General to relieve a disbursing officer of accountability and responsibility, and to allow credit in his official disbursing accounts for a deficiency, when it has been determined that such payments were not the result of bad faith or lack of due care on the part of such disbursing officer for whom relief is sought. It further provides that relief may be denied in any case in which the Comptroller General determines that the department or agency concerned has not diligently pursued collection action in accordance with procedures prescribed by the Comptroller General.
12. ADJOURNED until Mon., July 11 (p. 8684).

for each of the critical target areas during time of danger. The committee report states: "The Committee has not approved the budget estimate of \$3,050,000 for financing delegations of authority made by the Federal Civil Defense Administration to six different departments and agencies. Similar amounts were denied previously in the regular budget submissions of some of the agencies represented...the Committee can see no sufficient difference from the normal programs and responsibilities of the agencies concerned to warrant extra appropriations. Each agency already has primary responsibility in the fields of delegated authority and civil defense features can be integrated into regular operations just as is the case in the Department of Agriculture where no additional funds are requested, and as many of the same agencies are already doing with defense mobilization activities."

GSA expenses in connection with the buildings lease-purchase program, \$15,000,000.

Moving and space costs of GSA in connection with relocation of warehouse management and other employees into office space in the regional warehouses where they will occupy less costly space and be more closely situated to operations, \$300,000.

Authority for the "strategic and critical materials" appropriation to be used for costs in connection with strategic materials purchased with foreign currencies under the Agricultural Trade Development and Assistance Act of 1954.

Prohibition against use of any money for construction of transmission facilities to connect with the Dixon-Yates generating plant.

Claims, audited claims, and judgments against the U. S., various amounts.

The committee report states that "the Committee considered language proposed...for establishment of a working capital fund" for the Forest Service "but disapproves the proposal at this time, pending a further study."

The report includes the following statement: "During hearings on the Independent Offices Appropriation Act for 1956 the need for a Government-wide air conditioning program was thoroughly developed and at that time it was suggested to the General Services Administration that they work out a comprehensive plan for air conditioning those Federal buildings throughout the United States that require it, and that the matter be carefully prepared and presented through the Bureau of the Budget next year so consideration can be given by the Committee for a program to be started during fiscal year 1957. The Committee doubts the advisability of accomplishing air conditioning of buildings on a piece-meal basis for the reason that it is more satisfactory and less costly over a period of years to follow an orderly program."

Considered the conference report on H. R. 6766, the public works appropriation bill, which contains funds for the Atomic Energy Commission, Tennessee Valley Authority, certain agencies of the Interior Department, and civil functions of the Army; but deferred a vote on the conference report until Wed., July 13 (pp. 8858-67).

4. FOREIGN TRADE; SURPLUS COMMODITIES. Both Houses received the second progress report on activities carried on under Public Law 480, 83rd Congress (H. Doc. 216) (pp. 8827, 8857-8).

5. FARM CREDIT. Passed as reported H. R. 5168, providing for retirement of the Government capital in certain institutions operating under the supervision of the Farm Credit Administration, increasing borrower participation in the management and control of the Farm Credit system, etc. (pp. 8868-77).

6. PERSONNEL. The Post Office and Civil Service Committee reported with amendment the following bills: S. 1041, ~~providing for the inclusion in computation of retirement certain State service rendered~~ (H. Rept. 1127); S. 1792, to amend the Federal Employees' Group Life Insurance Act, 1954 (H. Rept. 1128); H. R. 6590, to prohibit employment by the Federal Government of persons disloyal to the United States or who believe in the right to strike against the United States (H. Rept. 1152) (p. 8906).
7. FOOD AND DRUG. Rep. Sullivan urged consideration of her proposal to increase appropriations for the Food and Drug Administration in order to increase its efficiency and effectiveness (pp. 8877-9).
8. RECLAMATION. Rep. Thomson, Wyo., defended the reclamation program as being relatively economical and contributive to the agricultural wellbeing of the Nation (pp. 8867-8).
9. FOREIGN AID. Several Representatives discussed American Foreign policy. Rep. Knutson urged consideration of an international agricultural products reserve plan (pp. 8880-8901).
10. PENALTY MAIL. The Post Office and Civil Service Committee reported without amendment H. R. 5856, to repeal the requirement for heads of departments and agencies to report to the Postmaster General the number of penalty envelopes and wrappers on hand at the close of each fiscal year (H. Rept. 1129) (p. 8906).
11. INCOME TAX. The Ways and Means Committee ordered reported H. R. 4731, to amend the Internal Revenue Code concerning capital gains and losses on sale of land with unharvested crop (p. D696).
12. LEGISLATIVE PROGRAM. The "Daily Digest" states that on Wed., July 13, "the House will vote on the adoption of the conference report on H. R. 6766, the public works appropriation bill..." (p. D693).

SENATE

13. BONDING EMPLOYEES. The Post Office and Civil Service Committee reported with amendment H. R. 4778, to provide for the purchase of bonds to cover postmasters, officers, and employees of the Post Office Department and mail clerks of the Armed Forces (S. Rept. 827) (p. 8828). The "Daily Digest" states that the amendment would cover all Federal employees (p. D692).
14. IMMIGRATION. Sen. Kennedy inserted four newspaper editorials discussing the resolution he introduced to establish a bipartisan commission to review the immigration and naturalization policies (pp. 8835-6).
15. FOREIGN AID. Sen. Carlson commended individuals and organizations that raise money for foreign aid, and discussed the amount of surplus commodities purchased by the Church World Services (p. 8832).
16. LANDS. The Interior and Insular Affairs Committee ordered reported H. R. 4894, which would repeal certain obsolete laws relating to disposals of land under the timber and stone laws, and H. R. 605, which would abolish the 80-rod reservation of public ownership between public land claims located on shore waters in Alaska (p. D691).

AMENDING THE FEDERAL EMPLOYEES' GROUP LIFE INSURANCE ACT OF 1954

JULY 12, 1955.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. DOWDY, from the Committee on Post Office and Civil Service,
submitted the following

REPORT

[To accompany S. 1792]

The Committee on Post Office and Civil Service, to whom was referred the bill (S. 1792) to amend the Federal Employees' Group Life Insurance Act of 1954, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

AMENDMENTS

The amendments are as follows:

(1) Page 2, after line 21, insert a new section 2 to read as follows:

SEC. 2. (a) Section 6 of said Act is amended to read as follows:

"SEC. 6. Each policy purchased under this Act shall contain a provision, in terms approved by the Commission, to the effect that any insurance thereunder on any employee shall cease upon his separation from the service or twelve months after discontinuance of his salary payments, whichever first occurs, subject to a provision which shall be contained in the policy for temporary extension of coverage and for conversion to an individual policy of life insurance under conditions approved by the Commission, except that if upon such date as the insurance would otherwise cease the employee retires on an immediate annuity and (a) his retirement is for disability or (b) he has completed fifteen years of creditable service, as determined by the Commission, his life insurance only may, under conditions determined by the Commission, be continued without cost to him in the amounts for which he would have been insured from time to time had his salary payments continued at the same rate as on the date of cessation. Periods of honorable active service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States shall be credited toward the required fifteen years provided the employee has completed at least five years of civilian service."

(b) The amendments made by subsection (a) shall be effective as of August 17, 1954.

(2) Page 2, line 22, strike out "SEC. 2. (a)" and insert "SEC. 3. (a)".

(3) Page 4, line 5, strike out "SEC. 3." and insert "SEC. 4."

PURPOSE OF AMENDMENTS

The first amendment corrects an inequity in section 6 of the Federal Employees' Group Life Insurance Act of 1954. Section 6 of the act provided that if an employee retired on an immediate annuity and has had 15 years of creditable civilian service or on disability, his life insurance only may be continued without cost to him. This provision denied the crediting of military service for the purpose of retention of the life insurance policy. As an example, an individual 63 years of age has 13½ years of civilian service and 4 years of military service. He is eligible for voluntary retirement but is not eligible for disability retirement so cannot retain his life insurance policy inasmuch as he has had only 13½ years of civilian service. The amendment provides that the 15 years of required service for retention of life insurance policy may be made up of "military and civilian service" provided that at least 5 years of such service is civilian service. This allows full recognition of service rendered by veterans. It also brings the requirements of this section into accordance with the provisions of other law and regulations of a similar nature.

The second amendment renumbers section 2.

The third amendment renumbers section 3.

STATEMENT

Employee beneficial associations have for many years been providing group life insurance policies for their members. These associations collected a premium from each member and in turn purchased a life insurance policy from a commercial company at group rates. The beneficial associations have built up a reserve fund over the years with which to cover variations in the premiums paid to the underwriting insurance companies.

The enactment of the Federal Employees' Group Life Insurance Act of 1954 seriously impaired the operations of these associations. The premiums charged for the group life insurance issued by the associations being in excess of that offered by the Federal insurance program caused a falling off in the recruitment of new members. Thus, the average age of the group over a period of time would materially increase. This would increase the premiums to such a point as to completely disrupt the associations' reserve fund and to make the premium payments prohibitive to the remaining members.

Section 10 of the act as passed by the 83d Congress recognized this condition and provided the authority for the Civil Service Commission to arrange for the Federal employees' group life insurance fund to assume the insurance agreements of the associations with their retired and separated members. There was no provision made for members of the association who continued their Federal employment. In order for the Federal fund to assume the policies of the beneficial associations, it was necessary that the associations transfer to the fund the lesser of the full actuarial value of the insurance liabilities involved or the total assets of the association.

In attempting to work out the conversion with the beneficial associations, the Civil Service Commission found itself virtually at a standstill due to certain court decisions (*Hill et al. v. Boland et al.*, 10 Fed. (2d) 623, decided by the Court of Appeals of the District of

Columbia in 1925) which made it impossible to dispose of portions or all of the assets of the beneficial associations without the unanimous consent of the members. Inasmuch as the provisions of section 10 of the act only benefited the retired or separated employees, it was obviously impossible to secure unanimous consent.

One small beneficial association was able to obtain unanimous vote of its entire membership to come under section 10 of the act. This is the only association which could benefit under the conversion formula provided in section 10 of the 1954 act.

Section 6 of the act of 1954 provides for the continuation of the life insurance policy of the Federal employce after his retirement if he retires under immediate annuity with 15 years of creditable civilian service or retires due to disability. This section discriminated against veterans in that it gave no credit for service in the military forces. A number of cases came to the attention of the committee wherein employees who had reached the age of voluntary retirement without 15 years of civilian service, and who could not be retired for disability reasons, lost their life insurance policies. These individuals were of such an age that they could not qualify for a commercial policy or could not afford to pay the prohibitive premiums involved.

There are technical omissions in sections 5 and 7 of the act of 1954 which it was deemed necessary to correct if the full intent and purpose of the act was to be efficiently and properly administered.

ANALYSIS OF THE BILL

Section 1 (a) amends section 5 (c) of the act of 1954 to explicitly authorize the use of the employees' life insurance fund for the payment of any obligations under agreements assumed pursuant to section 10 of the act.

Section 1 (b) adds a new subsection 5 (d) to the act of 1954 authorizing the Secretary of the Treasury to invest the money in the employees' life insurance fund in interest-bearing obligations of the United States.

Section 2 (a) amends section 6 of the act of 1954 so as to authorize the retention of the Federal group life insurance policies by an employee who retires on an immediate annuity for disability or retires on immediate annuity after he has completed 15 years of creditable service under the Retirement Act provided that not less than 5 years of such creditable service is in a civilian capacity.

Section 2 (b) makes the amendment of this section effective as of August 17, 1954.

Section 3 of the bill makes a technical amendment to section 7 of the act of 1954. The provision dealing with reallocation of reinsurance is moved from section 7 (d) to section 7 (e). Section 7 (e) is further amended to prevent the amount of any policy, purchased from an insurance company to insure section 10 obligations, from increasing that company's share of the reinsurance under the main program of the act of 1954.

Section 4 of the bill completely amends section 10 of the act of 1954. The principal provisions of this amendment are as follows:

(a) The Civil Service Commission is authorized to make arrangements with any nonprofit association of Federal employees for the assumption by the employees' life insurance fund of all life insurance agreements obtained or provided by such association for its members whether employed, separated, or retired.

(b) The Commission is authorized to purchase a policy or policies from one or more companies to insure the agreements assumed by the fund under this section. Such company must be either the company then insuring employee association members under a policy issued to their association or a company which is insurer or reinsurer under section 7 of the act.

(c) The agreement entered into by the Commission shall provide that the association of Federal employees shall pay into the employees' life insurance fund as a premium the lesser of its total assets or the actuarial value of the insurance obligations involved. This payment is deemed to represent a premium payment in consideration of the transfer of all insurance obligations thus not impairing in any manner the rights of any association member or group of association members.

(d) The time limit for making arrangements under section 10 is extended to 6 months following the date of enactment of this act or within a longer period where there are extenuating circumstances, but in no case later than August 17, 1957. Such arrangements are to apply only to life insurance agreements existing on both the date of enactment of this amendment and on the date of execution of the arrangement.

(e) Members of employee beneficial associations whose policies are assumed by the Federal employees' life insurance fund would in the future pay to the fund premiums or dues at the same rates previously payable to their associations. In cases where the association insurance provided for future adjustments of the premiums this feature shall remain in effect upon assumption of the policy by the Federal employees' life insurance fund.

(f) No member of an employee association who is insured under the provisions of section 10 is to be disqualified for any other insurance benefits under the act of 1954.

NO ADDITIONAL APPROPRIATIONS REQUIRED

It has been estimated that the insurance obligations of the employee beneficial associations exceed the sum of their present assets and anticipated future premiums by approximately \$33 million. This cost would be spread over a long period of years. No additional appropriations to the fund will be required as a result of the assumption of this obligation as it is anticipated that it can be financed from the Federal employees' life insurance fund as it is now constituted.

REQUEST FOR LEGISLATION

The Civil Service Commission on May 18, 1955, submitted to Congress a proposed amendment to section 10 of the Federal Employees' Group Life Insurance Act of 1954 and urged its early enactment. The letter of request follows:

UNITED STATES CIVIL SERVICE COMMISSION,
Washington 25, D. C., May 18, 1955.

Hon. SAM RAYBURN,

Speaker of the House of Representatives.

DEAR MR. SPEAKER: The Commission submits for the consideration of the Congress the enclosed amendment to the Federal Employees' Group Life Insurance Act of 1954 (Public Law 598, 83d Cong.).

This amendment deals primarily with section 10 of the act, which pertains to the insurance held by Federal employees, both active and retired, in various

beneficial associations. The background of the problem, the reason for section 10, and the need for amendment are summarized in the following paragraphs.

For many years group life insurance has been available to Federal employees through various beneficial associations. The Government did not pay any part of the premiums or otherwise formally participate in the program. However, at least in the minds of many employees, there was a semblance of Government sponsorship. Agency names were a part of the associations' titles; agency officials held office in the associations; and association business was conducted by Government personnel in Government quarters.

Most of the larger associations—those with headquarters in Washington—purchased group policies (term insurance) from the Shenandoah Life Insurance Co. They collect dues from members at a level rate and pay the insurer a term premium based on the average age of their members. Other associations purchased similar policies from other insurance companies. Some operate on a self-insured basis, either with fixed premium rates or on the assessment plan.

When Congress enacted the Federal Employees' Group Life Insurance Act of 1954, it recognized that the new program would seriously, if not fatally, affect the continued existence of the associations. Employees could obtain more insurance at a cheaper rate under the Federal program. The associations could anticipate increasing difficulty in holding their members, particularly the younger ones, and in obtaining new members. This would result in an increasing average age, a higher annual term premium to be paid the insurer, and the necessity of raising dues, thus forcing out more members.

Congress saw no reason to protect the association insurance of active employees, who were eligible under the new program. However, it recognized that association members not so eligible—former employees retired or otherwise separated from the service—would suffer if the associations were forced to dissolve. Their group insurance could be replaced by individual policies (through conversion or otherwise) only at greatly increased premium rates. Uninsurable members of associations whose plans did not contain a conversion privilege would suffer a complete loss of protection.

Congress therefore provided in the Insurance Act a means of continuing the insurance of association members retired or otherwise separated from the service. Section 10 authorizes the Commission to arrange for the assumption by the employees' life-insurance fund of such insurance under the following conditions:

1. An association must terminate life-insurance agreements with all of its members not later than August 17, 1955.
2. Only the life insurance granted retired and separated members prior to January 1, 1954, could be assumed.
3. Such members would continue payments to the fund at the same rates previously paid to the association.
4. The association would transfer to the fund the lesser of—
 - (a) The total assets of its life-insurance fund; or
 - (b) An amount equal to the insurance liability assumed by the fund.

It was recognized that few, if any, associations held assets equal to the insurance liabilities in respect to their retired and separated members, so the requirement for transfer of total assets would operate in most cases. This meant the fund would not be fully recompensed for the liabilities it would assume, even on receipt of all the assets of the associations.

However, it was not recognized that courts had previously ruled in similar situations that transfer of the total assets of an association would require the unanimous vote of the membership. In effect, all members would have to waive their rights to distributive shares of the assets in order for the total assets to be applied for the benefit of a portion of the membership.

While this is admittedly a stringent requirement, it is not impossible of fulfillment. One small association (the United States Secret Service Benevolent Association) has obtained the necessary unanimous vote, and the insurance of its retired and separated members has been assumed by the fund. However, it is apparent that the larger associations, with thousands of members, would have a most difficult task in securing a unanimous vote.

The Commission is therefore proposing an amendment which modifies the present section 10 by requiring the transfer of only that portion of the assets attributable to the retired and separated members, rather than the lesser of all of the assets of an association or an amount equal to the full actuarial value of the insurance liabilities involved. Members whose insurance would not be assumed by the fund would not have to waive rights to their shares of the assets—the purpose being to avoid the practical difficulty of obtaining the unanimous vote of

the membership. A detailed comparison of the proposed amendment with the present law is offered below.

Section 10 (a), as proposed to be amended, follows the present law in limiting to retired and separated members of associations the right to have their life insurance assumed by the fund. However, if he did not wish to continue his insurance, such a member could receive his share of the assets of his association by not consenting to have his share transferred to the fund. As in the present law, the fund would assume only "life insurance agreements"; it would not assume any supplemental benefits, such as waiver of premium on disability, additional benefits because of accidental death, and sickness or accident benefits. The liability assumed by the fund would be to pay on death, however caused, the amount of basic life insurance previously held by the member in his association, even though under the association plan he had supplemental benefits.

Under section 10 (b), the association member whose life insurance is assumed by the fund would, as required under the present law, pay premiums to the fund at the same fixed or graduated rates as he agreed to pay to his association. The proposed wording differs slightly from the present law, the purpose being to make clear that the same fixed or graduated premium rates shall be paid, even though any supplemental benefits provided under the association plan—for which a small portion of the premium might be allocable—are not being assumed by the fund.

The amendment to section 10 (c) is the heart of the Commission's proposal. It would require a transfer to the fund of whatever shares of an association's life insurance fund the local law allows retired or separated members who wish to have their life insurance taken over by the Government, instead of all assets of the association. The Commission would be authorized specifically to prescribe procedures and conditions for the transfer of assets, in addition to the requirements of the applicable State or District of Columbia law.

Subsection (d) would be amended to provide that associations which take advantage of section 10 will have to terminate their life-insurance business on or before August 17, 1957, 3 years from the date of the enactment of the original act instead of 1 year, as in the present law. This is necessary to allow time for the court actions which may be a prerequisite to the determination of the shares of the associations' assets allocable to their members.

Subsection (e) of the present law provides that any life insurance assumed by the fund under section 10 shall terminate if the person so insured later becomes insured as an employee under the act. The proposed amendment continues this bar against insurance under both section 10 and the general provisions of the act in such circumstances, and extends the bar to cover all other situations. During the 3-year period proposed for associations to make arrangements under section 10, a substantial number of their members will have retired with insurance provided after retirement under the general program at no further cost to them. It does not seem reasonable that such employees have additional insurance provided by the Government under section 10 at bargain rates.

The proposed extension from 1 to 3 years within which associations may make arrangements under section 10 also requires amendment to section 7 of the act. In the provisions for allocating the reinsurance under the policy the Commission was authorized to purchase, special consideration was given by Congress to insurance companies which insured employees of the Federal Government under policies issued to an association of Federal employees. Such companies were guaranteed an amount of reinsurance at least equal to the decrease in their policies issued to associations. The amendment now proposed continues this guaranty. It attempts a clarification by shifting the provision from section 7 (d), which deals primarily with the original allocation of reinsurance, to section 7 (e), which deals with subsequent reallocations; furthermore, it makes clear the intent of the present law that the guaranty is permanent.

The proposed amendment has been reviewed by the Advisory Council on Group Insurance and by the Employee Advisory Committee, which are established under section 12 of the act. Both groups have recommended it as the proper solution of the beneficial association problem.

This proposal retains the original purpose of section 10. It gives to retired and separated members of beneficial associations all that has been promised in the present law. It gives to members now in Federal employment more than was originally promised—their share of the assets of their associations. This proposal, which in effect reduces the income to the fund by the difference between total assets of associations and the portion attributable to retired and separated members, means that the fund would assume an additional liability of approxi-

mately \$9 million. In our judgment, this approaches the limit that can be assumed under present income provisions without receiving appropriations from Congress.

The Bureau of the Budget advises that there would be no objection to the submission of this proposed legislation to Congress. The Commission strongly recommends its enactment.

By direction of the Commission:

Sincerely yours,

PHILIP YOUNG, *Chairman.*

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as passed by the Senate, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

FEDERAL EMPLOYEES' GROUP LIFE INSURANCE ACT OF 1954

* * * * *

SEC. 5. (a) During any period in which an employee under age sixty-five is insured under a policy of insurance purchased by the Commission as authorized in section 7 of this Act, there shall be withheld from each salary payment of such employee, as his share of the cost of his group life and accidental death and dismemberment insurance, an amount determined by the Commission, but not to exceed the rate of 25 cents biweekly for each \$1,000 of his group life insurance: *Provided*, That an employee who is paid on other than a biweekly basis shall have an amount so withheld, determined at a proportionate rate, which rate shall be adjusted to the nearest cent.

Any policy of insurance purchased by the Commission as authorized in section 7 of this Act shall provide that all employees eligible under the terms of this Act will be automatically insured thereunder commencing on the date they first become so eligible: *Provided*, That any employee desiring not to be so insured shall, on an appropriate form to be prescribed by the Commission, give written notice to his employing office that he desires not to be insured. If such notice is received before the employee shall have become insured under such policy, he shall not be so insured; if it is received after he shall have become insured, his insurance under the policy will cease effective with the end of the pay period during which the notice is received by the employing office.

(b) For each period in which an employee is insured under a policy of insurance purchased by the Commission as authorized in section 7 of this Act, there shall be contributed from the respective appropriation or fund which is used for payment of his salary, wage, or other compensation (or, in the case of an elected official, from such appropriation or fund as may be available for payment of other salaries of the same office or establishment) a sum computed at a rate determined by the Commission, but not to exceed one-half the amount withheld from the employee under this section.

(c) The sums withheld from employees under subsection (a) and the sums contributed from appropriations and funds under subsection (b) shall be deposited in the Treasury of the United States to the credit of a fund which is hereby created. Said fund is hereby made available without fiscal year limitation for premium payments under any insurance policy or policies purchased as authorized in sections 7 and 10 of this Act, *for the payment of any obligations under agreements assumed pursuant to section 10 of this Act*, and for any expenses incurred by the Commission in the administration of this Act within such limitations as may be specified annually in appropriation acts: *Provided*, That appropriations available to the Commission for salaries and expenses for the fiscal year 1955 shall be available on a reimbursable basis for necessary administrative expenses of carrying out the purposes of this Act until said fund shall be sufficient to provide therefor. The income derived from any dividends or premium rate adjustments received from insurers shall constitute a part of said fund.

(d) *The Secretary of the Treasury is authorized to invest and reinvest the moneys in the fund created by section 5 (c), or any part thereof, in interest-bearing obligations of the United States and to sell such obligations of the United States for the purposes*

of the fund. The interest on and the proceeds from the sale of any such obligations shall become a part of the fund.

* * * * *

SEC. 7. (a) * * *

* * * * *

(d) The Commission shall determine a formula so that the amount of insurance in force to be retained by each issuing company after ceding reinsurance and the total amount of reinsurance ceded to each reinsuring company shall be in proportion to the total amount of each such company's group life insurance in force in the United States on December 31, 1953: *Provided*, That in determining such proportions, that portion of any company's group life insurance in force on December 31, 1953, which is in excess of \$100,000,000 shall be reduced by 25 per centum of the first \$100,000,000 of such excess, 50 per centum of the second \$100,000,000 of such excess, 75 per centum of the third \$100,000,000 of such excess, and 95 per centum of any excess thereafter: *Provided further*, That the amount retained by or ceded to any company shall not exceed 25 per centum of the amount of that company's total life insurance in force in the United States on December 31, 1953: *Provided further*, That if, at the end of one year following the date of enactment of this Act, in the case of any issuing company or reinsurer which insured employees of the Federal Government on December 31, 1953, under policies issued to an association of Federal employees, the amount which results from the application of this formula is less than the decrease, if any, in the amount of such company's insurance under such policies, the amount allocated to such company shall, upon the first reallocation as provided in subsection (e) of this section, be increased to the amount of such decrease: *And provided further*, That any fraternal benefit association which is licensed under the laws of a State of the United States or the District of Columbia to transact life insurance and is engaged in issuing insurance certificates on the lives of employees of the Federal Government exclusively shall be eligible to act as a reinsuring company and may be allocated an amount of reinsurance equal to 25 per centum of its total life insurance in force on employees of the Federal Government on December 31, 1953.

(e) The companies eligible to participate as reinsurers, and the amount of insurance under the policy or policies to be allocated to each issuing company or *reinsurer may* be redetermined by the Commission for and in advance of any policy year after the first, on a basis consistent with subsections (c) and (d) of this section, with any modifications thereof it deems appropriate to carry out the intent of such subsections, and based on each participating company's group life insurance in force *excluding that under any policy or policies purchased under this Act except in the case of companies covered in the third proviso of subsection (d),* in the United States on the most recent December 31 for which information is available to it, *excluding that under any policy or policies purchased under this Act*, and shall be so redetermined in a similar manner not less often than every three years or at any time that any participating company withdraws from participation: *Provided*, That if, upon any such redetermination, in the case of any issuing company or reinsurer which insured employees of the Federal Government on December 31, 1953, under policies issued to an association of Federal employees, the amount which results from the application of the formula referred to in subsection (d) of this section is less than the total decrease, if any, since December 31, 1953, in the amount of such company's insurance under such policies, the amount allocated to such company shall be increased to the amount of such decrease: *Provided further*, That any increase in the amount allocated to such company by application of the preceding proviso shall be reduced by the amount or amounts of any policy or policies purchased from such company under the authorization of section 10 of this Act, and in force on the date of such redetermination.

* * * * *

SEC. 10. (a) The Commission is authorized to arrange with any nonprofit association of Federal employees for the assumption by the fund of any existing life insurance agreements of such association with its members retired or otherwise separated from the Federal service and to insure the obligations assumed with any company or companies meeting the requirements of section 7 (a).

(b) Any such arrangement shall provide that payments by such insured members for life insurance only shall thereafter be made at the same rates to the fund, under such conditions as the Commission may prescribe.

(c) Any such arrangement shall further provide that there be transferred to and deposited in the fund the lesser of the following amounts:

(1) The total assets of the life insurance fund of such association; or

[(2) The amount required to meet the liabilities under life insurance agreements assumed, taking into account the payments as provided in paragraph (b). The determination of this amount shall be based on an actuarial valuation satisfactory to the Commission, procured by the association without expense to the Commission.]

[(d) The arrangements authorized by this section shall be made only with those associations which terminate life insurance agreements with all of their members within one year after the date of enactment of this Act, and such arrangements shall apply only to life insurance granted to any member by any such association before January 1, 1954.]

[(e) In any case in which the fund assumes a liability for life insurance as provided in this section in respect to a person who (1) subsequently becomes eligible to be insured as an employee under this Act, and (2) does not give notice, as provided in section 5 (a), of his desire not to be so insured, the life insurance provided under this section shall terminate as of the date such person becomes insured as an employee.]

SEC. 10. (a) The Commission is authorized to arrange with any nonprofit association of Federal or District of Columbia employees for the assumption by the fund created by section 5 (c) of all life insurance agreements, including all benefits contained therein, obtained or provided by such association for its members.

(b) The Commission is authorized, without regard to other sections of this Act and without regard to section 3709 of the Revised Statutes as amended, to purchase from one or more life insurance companies, as determined by the Commission, a policy or policies of group life insurance to insure all or any portion of the life insurance agreements obtained or provided by an association for its members and assumed under this section: Provided, That any such company must be either (1) the company then insuring such members under a policy or policies issued to such association; or (2) a company which is an insurer or a reinsurer under section 7 of this Act. The Commission may at any time discontinue any policy or policies it has purchased from any insurance company.

(c) Any association accepting such arrangement shall, in consideration therefor, pay over and transfer to the Commission (1) an amount equal to the actuarial value, as determined by the Commission, of the insurance obligations assumed by the fund created by section 5 (c), or (2) the total assets of the life insurance fund of such association, whichever is the lesser. Such payment and transfer shall be a premium for the purchase of the Government insurance arrangement, shall be deposited in the fund created by section 5 (c), and shall be accomplished in accordance with the procedures and conditions prescribed by the Commission, and in accordance with the requirements of applicable law.

(d) The arrangements authorized by this section shall be made within six calendar months following the date of enactment of this amending Act, or such later date as the Commission may agree when there are extenuating circumstances, but not later than August 17, 1957, and such arrangements shall apply only to life insurance agreements existing on both the date of the approval of this amendment and on the date of the respective arrangement.

(e) Any such arrangement shall provide that the continuation of the insurance coverage of such members shall be conditioned upon their payment to the fund created by section 5 (c), in such manner and under such conditions as the Commission may prescribe, of premium payments equal to the premiums or dues previously payable by them for such insurance coverage.

(f) The members of such associations shall not by reason of any such arrangements be disqualified from any other insurance benefits provided by this Act if otherwise eligible therefor.

84TH CONGRESS
1ST SESSION

S. 1792

[Report No. 1128]

IN THE HOUSE OF REPRESENTATIVES

JUNE 30, 1955

Referred to the Committee on Post Office and Civil Service

JULY 12, 1955

Reported with amendments, committed to the Committee of the Whole House
on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

AN ACT

To amend the Federal Employees' Group Life Insurance Act of
1954.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) section 5 (c) of the Federal Employees' Group
4 Life Insurance Act of 1954 is amended to read as follows:
5 “(c) The sums withheld from employees under subsec-
6 tion (a) and the sums contributed from appropriations and
7 funds under subsection (b) shall be deposited in the Treasury
8 of the United States to the credit of a fund which is hereby
9 created. Said fund is hereby made available without fiscal
10 year limitation for premium payments under any insurance
11 policy or policies purchased as authorized in sections 7 and

1 10 of this Act, for the payment of any obligations under
2 agreements assumed pursuant to section 10 of this Act, and
3 for any expenses incurred by the Commission in the adminis-
4 tration of this Act within such limitations as may be specified
5 annually in appropriation Acts: *Provided*, That appropria-
6 tions available to the Commission for salaries and expenses
7 for the fiscal year 1955 shall be available on a reimbursable
8 basis for necessary administrative expenses of carrying out
9 the purposes of this Act until said fund shall be sufficient to
10 provide therefor. The income derived from any dividends or
11 premium rate adjustments received from insurers shall con-
12 stitute a part of said fund.”

13 (b) Section 5 of said Act is amended by adding the
14 following subsection at the end thereof:

15 “(d) The Secretary of the Treasury is authorized to
16 invest and reinvest the moneys in the fund created by section
17 5 (c), or any part thereof, in interest-bearing obligations of
18 the United States and to sell such obligations of the United
19 States for the purposes of the fund. The interest on and the
20 proceeds from the sale of any such obligations shall become a
21 part of the fund.”

22 *SEC. 2. (a) Section 6 of said Act is amended to read*
23 *as follows:*

24 “*SEC. 6. Each policy purchased under this Act shall*
25 *contain a provision, in terms approved by the Commission,*

1 to the effect that any insurance thereunder on any employee
2 shall cease upon his separation from the service or twelve
3 months after discontinuance of his salary payments, which-
4 ever first occurs, subject to a provision which shall be con-
5 tained in the policy for temporary extension of coverage and
6 for conversion to an individual policy of life insurance under
7 conditions approved by the Commission, except that if upon
8 such date as the insurance would otherwise cease the employee
9 retires on an immediate annuity and (a) his retirement is
10 for disability or (b) he has completed fifteen years of credit-
11 able service, as determined by the Commission, his life in-
12 surance only may, under conditions determined by the Com-
13 mission, be continued without cost to him in the amounts for
14 which he would have been insured from time to time had
15 his salary payments continued at the same rate as on the date
16 of cessation. Periods of honorable active service in the Army,
17 Navy, Air Force, Marine Corps, or Coast Guard of the
18 United States shall be credited toward the required fifteen
19 years provided the employee has completed at least five years
20 of civilian service.”

21 (b) The amendments made by subsection (a) shall be
22 effective as of August 17, 1954.

23 SEC. 2 3. (a) The third proviso of section 7 (d) of said
24 Act is hereby repealed.

1 (b) Section 7 (e) of said Act is amended to read as
2 follows:

3 “(e) The companies eligible to participate as reinsurers,
4 and the amount of insurance under the policy or policies to be
5 allocated to each issuing company or reinsurer, may be re-
6 determined by the Commission for and in advance of any
7 policy year after the first, on a basis consistent with subsec-
8 tions (c) and (d) of this section, with any modifications
9 thereof it deems appropriate to carry out the intent of such
10 subsections, and based on each participating company’s group
11 life insurance in force in the United States on the most recent
12 December 31 for which information is available to it, exclud-
13 ing that under any policy or policies purchased under this
14 Act, and shall be so redetermined in a similar manner not less
15 often than every three years or at any time that any par-
16 ticipating company withdraws from participation: *Provided,*
17 That if, upon any such redetermination, in the case of any
18 issuing company or reinsurer which insured employees of the
19 Federal Government on December 31, 1953, under policies
20 issued to an association of Federal employees, the amount
21 which results from the application of the formula referred to
22 in subsection (d) of this section is less than the total decrease,
23 if any, since December 31, 1953, in the amount of such com-
24 pany’s insurance under such policies, the amount allocated to
25 such company shall be increased to the amount of such de-

crease: *Provided further*, That any increase in the amount allocated to such company by application of the preceding proviso shall be reduced by the amount or amounts of any policy or policies purchased from such company under the authorization of section 10 of this Act, and in force on the date of such redetermination.”

SEC. 3 4. Section 10 of said Act is amended to read as follows:

“SEC. 10. (a) The Commission is authorized to arrange with any nonprofit association of Federal or District of Columbia employees for the assumption by the fund created by section 5 (c) of all life insurance agreements, including all benefits contained therein, obtained or provided by such association for its members.

“(b) The Commission is authorized without regard to other sections of this Act and without regard to section 3709 of the Revised Statutes as amended, to purchase from one or more life insurance companies, as determined by the Commission, a policy or policies of group life insurance to insure all or any portion of the life insurance agreements obtained or provided by an association for its members and assumed under this section: *Provided*, That any such company must be either (1) the company then insuring such members under a policy or policies issued to such association; or (2) a company which is an insurer or a reinsurer under section 7

1 of this Act. The Commission may at any time discontinue
2 any policy or policies it has purchased from any insurance
3 company.

4 “(c) Any association accepting such arrangement shall,
5 in consideration therefor, pay over and transfer to the Com-
6 mission (1) an amount equal to the actuarial value, as
7 determined by the Commission, of the insurance obligations
8 assumed by the fund created by section 5 (c), or (2) the
9 total assets of the life insurance fund of such association,
10 whichever is the lesser. Such payment and transfer shall be
11 a premium for the purchase of the Government insurance
12 arrangement, shall be deposited in the fund created by sec-
13 tion 5 (c), and shall be accomplished in accordance with
14 the procedures and conditions prescribed by the Commission,
15 and in accordance with the requirements of applicable law.

16 “(d) The arrangements authorized by this section shall
17 be made within six calendar months following the date of
18 enactment of this amending Act, or such later date as the
19 Commission may agree when there are extenuating circum-
20 stances, but not later than August 17, 1957, and such
21 arrangements shall apply only to life insurance agreements
22 existing on both the date of the approval of this amendment
23 and on the date of the respective arrangement.

24 “(e) Any such arrangement shall provide that the con-
25 tinuation of the insurance coverage of such members shall be

1 conditioned upon their payment to the fund created by section
2 5 (c), in such manner and under such conditions as the
3 Commission may prescribe, of premium payments equal to
4 the premiums or dues previously payable by them for such
5 insurance coverage.

6 “(f) The members of such associations shall not by rea-
7 son of any such arrangements be disqualified from any other
8 insurance benefits provided by this Act if otherwise eligible
9 therefor.”

Passed the Senate June 29, 1955.

Attest:

FELTON M. JOHNSTON,

Secretary.

84TH CONGRESS
1ST SESSION

S. 1792

[Report No. 1128]

AN ACT

To amend the Federal Employees' Group Life Insurance Act of 1954.

JUNE 30, 1955

Referred to the Committee on Post Office and Civil Service

JULY 12, 1955

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. CUNNINGHAM. Mr. Speaker, in view of the fact that the Civil Service Commission is definitely opposed to the bill and as it is one that should not be on the Consent Calendar, I ask unanimous consent that it be passed over without prejudice.

Mr. HARVEY. Mr. Speaker, reserving the right to object, I would like to say to the gentleman from Iowa that this is identical with a bill that passed the House bearing my name in the 83d Congress, was reported by the Senate committee, but died in the last days of the session on the Consent Calendar in the Senate.

I am aware of some objections the Civil Service Commission has, but I want to say that I think their objections are probably without full validity, because this would affect vocational teachers primarily who would have an opportunity to accept Federal employment but at the sacrifice of their retirement rights at the State level. This would permit them to accept Federal employment and acquire retirement status there by paying the required amount of money for back service represented by their years of duty in the State. It is a sound proposition and we already have a decision of a similar nature for the benefit of county agents. But those who wish to come in through the Smith-Hughes Act do not have that same eligibility, although their cases are almost identical. I think the present situation merely promotes and extends an inequity that should not be permitted to continue.

Mr. CUNNINGHAM. We have no assurance of the overall cost. Our information is that it is discriminatory and that the Commission is strongly opposed to the enactment of the bill. So there is nothing for the official objectors to do except to ask that the bill be passed over without prejudice. There are other ways in which the bill can be brought up. We are here for the protection of the membership. If we permit the passage of bills by unanimous consent that do not have complete and substantial support of the departments then certainly we are opening the door wide and many of the Members will be embarrassed in the future. We are doing this for the Members' protection. I see no objection to passing this over without prejudice.

Mr. DAVIS of Georgia. Mr. Speaker, will the gentleman yield?

Mr. CUNNINGHAM. I yield.

Mr. DAVIS of Georgia. I do not know that it would make any difference to the gentleman from Iowa, but I would like to call his attention to the fact that this bill passed in the last Congress on the Consent Calendar. During the present session I have been chairman of the subcommittee which heard it, and the subcommittee was unanimously in favor of reporting the bill out; so was the full committee.

Mr. CUNNINGHAM. Perhaps there was no objection from the Commission at that time. I do not recollect. We certainly have that objection now, and we have our rules to abide by.

Is there any reason why the gentleman cannot get the bill up under a suspension of the rules before the end of the session? Other bills are being called under suspensions today.

Personally I have no objection to the bill, but with this adverse report from the Commission, I see nothing else to do.

Mr. DAVIS of Georgia. We went into it very carefully and in great detail in the subcommittee and heard the objections which the Civil Service Commission offered. We were unanimously of the opinion that there is no discrimination in it, that it does not establish any precedent at all. We already have the precedent for this legislation in the matter of the county agents who already have been granted this right which this bill would give to these other agricultural employees.

It does not open the floodgates; it applies only to the people who are set out on page 3 of the committee report.

Mr. CUNNINGHAM. I do not mean it would open the floodgates for all legislation, but it would open the floodgates to a certain extent if we passed bills by unanimous consent that are opposed by the departments. That in turn would be injurious to the Members. We are here for the protection of the membership. It seems to me there are plenty of other ways that this bill can be brought up.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa that the bill be passed over without prejudice?

There was no objection.

AMENDING FEDERAL EMPLOYEES' GROUP LIFE INSURANCE ACT OF 1954

The Clerk called the bill (S. 1792) to amend the Federal Employees' Group Life Insurance Act of 1954.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. FORD. Mr. Speaker, reserving the right to object, the objectors' committee on both sides of the aisle have a rule which states that any legislation costing more than a million dollars shall not be approved on the Consent Calendar. According to the information we have in reference to this bill the potential liability of the Federal Government could conceivably be \$33 million. On the basis of that statement obviously this legislation would violate the rule and regulation of the objectors' committee.

Mr. Speaker, I therefore withdraw my reservation of objection and ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

ELIMINATION OF ACCOUNTING FOR PENALTY MAIL MATERIALS ON HAND

The Clerk called the bill (H. R. 5856) to repeal the requirement for heads of departments and agencies to report to

the Postmaster General the number of penalty envelopes and wrappers on hand at the close of each fiscal year.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 301 of the Penalty Mail Act of 1948, as amended (62 Stat. 1048; 39 U. S. C., sec. 321i), is hereby amended by striking out the second sentence thereof.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF FREE MAILING PRIVILEGES FOR MEMBERS OF ARMED FORCES IN KOREA AND COMBAT ZONES

The Clerk called the bill (H. R. 7125) to extend to June 30, 1956, the free mailing privileges granted by the act of July 12, 1950, to Members of the Armed Forces of the United States.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. BYRNES of Wisconsin. Mr. Speaker, this bill is opposed by the Department of Defense and, therefore, I ask unanimous consent that it be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

FEE FOR FURNISHING VETERAN COPY OF CERTIFICATE SHOWING HIS SERVICE

The Clerk called the bill (H. R. 6274) to provide that no fee shall be charged a veteran for furnishing him a copy of his discharge or a copy of his certificate of service.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. FORD. Mr. Speaker, reserving the right to object, this matter was thoroughly considered by the Department of the Army panel on appropriations, not only during 1955 but in the 2 previous years. On the basis of the information which our subcommittee or panel obtained, it does not seem that this legislation is desirable. The record will indicate that in the Department of Defense appropriation bill for the fiscal year 1956 it was recommended that one additional certificate over and above the original be provided without charge.

Mr. Speaker, I withdraw my reservation of objection and I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

INCREASING ANNUITIES OF CERTAIN RETIRED CIVILIAN MEMBERS OF UNITED STATES NAVAL ACADEMY

The Clerk called the bill (H. R. 4672) to increase the annuities of certain re-

tired civilian members of the teaching staffs of the United States Naval Academy and the United States Naval Postgraduate School.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the act of January 16, 1936 (49 Stat. 1092), as amended, is further amended by adding thereto the following new section:

"SEC. 7. (a) The annuities payable under this act to civilian members of the teaching staffs of the United States Naval Academy and the United States Naval Postgraduate School retired before April 1, 1948, are hereby increased by \$300 a year.

"(b) In addition to the increase in annuities authorized by subsection (a), the annuities payable under this act to all civilian members of the teaching staffs of the United States Naval Academy and the United States Naval Postgraduate School retired before the date of enactment of this amendment shall be increased by \$300 a year. No such annuity, however, shall thereby be increased to an amount in excess of \$2,160.

"(c) The increase in the annuities of retired members of the teaching staffs of the United States Naval Academy and the United States Naval Postgraduate School authorized by subsection (b) shall not operate to increase the annuities of their survivors."

SEC. 2. Applicable current appropriations shall be available to carry out the provisions of section 1 of this act.

Mr. McCORMACK. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, I hope that before this session is over a bill increasing the annuities of other Federal employees will be passed by this Congress. There is such legislation pending at the present time. I notice in the newspapers that the administration is favorable to some increase. It is a very deserving group.

If the pending bill goes through it will be confined to a limited class. I therefore sincerely hope that favorable consideration will be given between now and the time the Congress adjourns to all of our retired Federal employees.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMEND SECTION 106 OF THE ARMY-NAVY NURSES ACT OF 1947

The Clerk called the bill (H. R. 2150) to further amend section 106 of the Army-Navy Nurses Act of 1947 so as to provide for certain adjustments in the dates of rank of nurses and women medical specialists of the Regular Army and Regular Air Force in the permanent grade of captain, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 106 of the Army-Navy Nurses Act of 1947 (61 Stat. 44, ch. 38), as amended, is further amended by inserting the letter "(a)" immediately following the words "SEC. 106." and by adding the following subsections at the end thereof:

"(b) Notwithstanding any other law, the Secretary of the Army shall, before January 1, 1956, adjust the dates of rank of all commissioned officers of the Army Nurse Corps and Women's Medical Specialist Corps of the Regular Army in the permanent grade of captain to reflect the total amount of service creditable to each such officer for pro-

motion purposes under existing law. When that adjustment is made, such officer shall be given precedence for promotion purposes in accordance with their adjusted dates of rank. If two or more officers have the same date of rank, rank shall be determined—

"(1) by length of continuous active commissioned service in the regular components of the Armed Forces;

"(2) if the length of continuous active commissioned service in the regular components of the Armed Forces is the same, by rank established at the time of original appointment in the regular component of an armed force; and

"(3) in other cases, by the Secretary of the Army.

"(c) Notwithstanding any other law, the Secretary of the Air Force shall, before January 1, 1956, adjust the dates of rank of all commissioned officers of the Regular Air Force in the permanent grade of captain who are designated as nurses and women medical specialists to reflect the total amount of service creditable to each such officer for promotion purposes under existing law. When that adjustment is made, the names of the officers concerned shall be arranged on the promotion lists concerned in order of date of rank. If two or more officers have the same date of rank, rank shall be determined—

"(1) by length of continuous active commissioned service in the regular components of the Armed Forces;

"(2) if the length of continuous active commissioned service in the regular components of the Armed Forces is the same, by rank established at the time of her earliest appointment in the regular component of an armed force; and

"(3) in other cases, by the Secretary of the Air Force."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AUTHORIZE CERTAIN CREDITS UNDER ARMY-NAVY NURSES ACT

The Clerk called the bill (H. R. 4106) to authorize the crediting, for certain purposes, of prior active Federal commissioned service performed by a person appointed as a commissioned officer under section 101 or 102 of the Army-Navy Nurses Act of 1947, as amended, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That sections 101 and 102 of the Army-Navy Nurses Act of 1947 (61 Stat. 41, 42), as amended (10 U. S. C. 166, 166a), are each further amended by adding the following new subsection at the end thereof:

"(d) In determining position on a promotion list, seniority in her grade in the Regular Army or the Regular Air Force, as the case may be, and eligibility for promotion, a person originally appointed as a commissioned officer under subsection (c) shall be credited, at the time of her appointment, with the active Federal commissioned service, after December 31, 1947, which she performed after becoming 21 years of age and before her appointment. However, not more than 5 years of service may be so credited. A person originally appointed as a first lieutenant who has not performed at least 3 years of such active Federal commissioned service after December 31, 1947, shall, for the same purposes, be credited with that amount of service. Service credited pursuant to this subsection shall be in lieu of and not in

addition to service credited under section 105 of this act."

SEC. 2. The effective date of the amendments made by section 1 of this act is January 1, 1948. No person is entitled to any back pay or allowances because of those amendments.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AUTHORIZE SUBSISTENCE ALLOWANCES TO ENLISTED PERSONNEL

The Clerk called the bill (H. R. 7194) to authorize subsistence allowances to enlisted personnel.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Career Compensation Act of 1949, as amended, is further amended by adding at the end of subsection 301 (3) the following: "(f) Effective April 15, 1955, under such regulations and in such localities as may be prescribed by the Secretary of Defense, enlisted members granted permission to mess separately whose duties require them to purchase one or more meals from other than Government messes shall be entitled to not to exceed the pro rata allowance authorized for each such meal for enlisted members when rations in kind are not available."

With the following committee amendment:

Page 1, line 4, strike out "(3)" and insert "(e)."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

INCREASE FOR THE DEAN OF THE NAVAL POSTGRADUATE SCHOOL

The Clerk called the bill (H. R. 2149) to increase the annual compensation of the academic dean of the United States Naval Postgraduate School.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 4 of the act of July 31, 1947 (61 Stat. 706), is amended to read as follows:

"SEC. 4. There shall be at the United States Naval Postgraduate School the civilian position of academic dean. An academic dean shall be appointed, to serve for periods of not in excess of 5 years, by the Secretary of the Navy upon the recommendation of the Postgraduate School Council, which shall consist of the Superintendent, Deputy Superintendent, and the Directors of the Technical, Administrative, and Professional Divisions of the United States Naval Postgraduate School. The academic dean shall receive such compensation for his services as may be prescribed by the Secretary of the Navy, which compensation shall not exceed \$13,500 per year. The academic dean shall be considered as a member of the civilian teaching staff of the United States Naval Postgraduate School insofar as provisions of law regarding retirement are concerned."

SEC. 2. The act of June 10, 1946 (60 Stat. 236, ch. 298), is hereby repealed.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

58. MINIMUM WAGE. Agreed to the conference report on S. 2168, to increase the minimum wage, under the Fair Labor Standards Act, to \$1 per hour, effective Mar. 1, 1956 (p. 10559). This bill will now be sent to the President.
59. FORESTRY. Passed without amendment S. 72, to give national forest status to certain lands in Lincoln National Forest, N. Mex. (pp. 10585, 10671). This bill will now be sent to the President.
- Passed without amendment H. R. 374, to authorize the adjustment and clarification of ownership of certain lands within the Stanislaus National Forest, Calif. (pp. 10585-6).
- Passed with amendments H. R. 426, to authorize this Department to set aside areas of not over 640 acres, in national forests or title 3 Bankhead-Jones lands, for division into lots and sale as townsites (p. 10586).
- Passed as reported H. R. 1855, to authorize the Secretary of Agriculture to advance Federal funds in the furtherance of cooperative forestry research projects (p. 10587).
60. LAND TRANSFER. Passed without amendment H. J. Res. 112, to release the reversionary right to improvements on a tract of former Rural Rehabilitation Corp. land in Orangeburg, S. C. (pp. 10589-90).
61. TOBACCO. Passed without amendment S. 2297, to amend the law regarding tobacco marketing quotas and referendums, including a provision to permit a referendum to be conducted on the single question of marketing quotas for 3 years (instead of on 3 years and 1 year, as at present) (pp. 10596-7). This bill will now be sent to the President.
- H. R. 6846 and 6847, to make other amendments to this legislation, were discussed and passed over at the requests of Reps. Deane and Burnside, respectively (p. 10596).
62. RICE. Passed without amendment H. R. 7302, to prevent persons from moving from one State to another and taking their rice allotments with them (p. 10597).
- Passed without amendment S. 2511, to provide that for 1956 no national rice acreage allotment shall be established which is less than 85% of the final allotment established for the immediately preceding year (pp. 10606-7). This bill will now be sent to the President.
63. FARM LABOR. Passed as reported H. R. 6888, to facilitate the entry of skilled shepherders chargeable to the immigration quota for Spain (pp. 10597-8).
64. EDUCATION. Passed as reported H. R. 7245, to amend and extend the program for Federal aid to school districts in areas affected by Federal activities (pp. 10604-5).
- Passed without amendment S. 2081, to amend the Veterans' Readjustment Assistance Act of 1952 to provide that education and training allowances paid to veterans pursuing institutional on-farm training shall not be reduced for 12 months after they have begun their training (pp. 10656-7). This bill will now be sent to the President.
65. BONDING EMPLOYEES. Agreed to the conference report on H. R. 4778, to provide for the purchase of bonds to cover Government employees (p. 10655). This bill will now be sent to the President.
66. PUBLIC LANDS; MINING. Received the conference report on H. R. 100, permitting the mining, development, and utilization of the mineral resources of all public lands withdrawn or reserved for power development (pp. 10674-5). The Senate agreed to the conference report on this bill (pp. 10775).

67. BUILDINGS. Passed without amendment S. 1210, to amend the Public Buildings Act of 1949 so as to provide a 5-year limitation on the period of leases of space for Federal agencies in D. C. (p. 10594). This bill will now be sent to the President.
68. WATER COMPACT. Passed without amendment S. 1391, consenting to a compact between Calif. and Nev. regarding waters of Truckee, Carson, and Walker Rivers and Lake Tahoe (pp. 10583-4). This bill will now be sent to the President.
69. PERSONNEL. Passed as reported H. R. 7619, to adjust pay rates of department heads and other major officials (pp. 10662-6). For provisions of bill, see Digest 128.
- Passed as reported S. 1041, providing for inclusion of certain cooperative State service in the authorized coverage of the Civil Service Retirement Act (pp. 10581-2). For provisions of bill, see Digest 110.
- Passed as reported S. 1792, to amend the Federal Employees Group Life Insurance Act of 1954 so as to authorize the assumption of the insurance obligations of any nonprofit association of Federal employees (p. 10582). For provisions of bill, see Digest 110.
- Passed as reported H. R. 2383, to authorize an Inventive Contributions Awards Board in the Defense Department (pp. 10602-4).
- Passed without amendment H. R. 3255, to amend the Classification Act of 1949 to preserve in certain cases the rates of basic pay of officers and employees whose positions are placed in lower grades by virtue of reclassification actions under such Act (pp. 10657-8).
- Discussed and, at the requests of Reps. Vanik and Hagen, passed over H. R. 3084, to amend legislation regarding prevention of political activities so as to include State officers and employees (pp. 10604, 10655).
70. RECLAMATION. Passed without amendment H. R. 1603, to terminate the prohibition against employment of Mongolian labor in the construction of reclamation projects (p. 10613).
71. PUBLIC LANDS. Passed with amendments H. R. 6994, to provide for entry and location, on discovery of a valuable source material, upon public lands classified as or known to be valuable for coal (pp. 10608-9).
72. ANIMAL DISEASES. Discussed and, at the request of Rep. Hoffman, Mich., passed over S. 1166, to restore, on a modified basis, the authority of this Department to restrict the entry of cattle and poultry into the Virgin Islands (p. 10594).
73. CCC STOCKS. On objection of Rep. Saylor, passed over H. R. 7252, to permit the sale of CCC stocks of basic and storable non-basic agricultural commodities without restriction where similar commodities are exported in raw or processed form (p. 10592).
74. SUBMARGINAL LANDS. At the request of Rep. Cunningham, passed over H. R. 6815, to provide for sale of certain title 3 Bankhead-Jones lands (p. 10594).
75. WILDLIFE CONSERVATION. Discussed and, on objection of Rep. Taber, passed over S. 756, to authorize the appropriation of accumulated receipts in the Federal-aid wildlife-conservation fund (p. 10654).
76. ADJOURNED until Mon., Aug. 1 (p. 10676).
77. LEGISLATIVE PROGRAM. Majority Leader McCormack announced the following among the bills to be considered Mon.: H. R. 7541, increase in CCC borrowing power;

APPOINTMENTS TO THE UNITED STATES MILITARY ACADEMY AND THE UNITED STATES AIR FORCE ACADEMY

The Clerk called the bill (H. R. 5269) to increase the number of cadets that the President may personally select for appointment to the United States Military Academy and the United States Air Force Academy.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. WIER, Mr. YATES, and Mr. BAILEY objected.

VETERANS REGULATIONS

The Clerk called the bill (H. R. 1614) to amend the Veterans Regulations to provide an increased statutory rate of compensation for veterans suffering the loss or loss of use of an eye in combination with the loss or loss of use of a limb.

Mr. FORD. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

VETERANS' AFFAIRS LEGISLATION

The Clerk called the bill (H. R. 1821) to provide that checks for benefits provided by laws administered by the Administrator of Veterans' Affairs may be forwarded to the addressee in certain cases.

Mr. BYRNES of Wisconsin. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

REVISION AND CODIFICATION OF LAWS RELATING TO ARMED FORCES

The Clerk called the bill (H. R. 7049) to revise, codify, and enact into law title 10 of the United States Code entitled "Armed Forces," and title 32 of the United States Code entitled "National Guard."

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. HALEY. Mr. Speaker, reserving the right to object, I should like to inquire of the gentleman in charge of the bill whether there is anything in the bill which will have the effect of changing the present law which gives Reserve and National Guard officers retired under title III of the act of June 29, 1948, the right to draw their retired pay without regard to section 212 of the Economy Act of 1932.

Mr. WILLIS. Mr. Speaker, if the gentleman will yield, I assure the gentleman there is no change in that.

Mr. HALEY. I withdraw my reservation of objection, Mr. Speaker.

Mr. REES of Kansas. Mr. Speaker, further reserving the right to object, does the legislation now being approved in any wise affect section 38 adopted in 1901?

Mr. WILLIS. I have an amendment which I believe will cover the subject.

Mr. McCORMACK. Mr. Speaker, if the gentleman will yield, will the gentleman state what the amendment means so that the Members will be advised?

Mr. WILLIS. The amendment does this: The act to which the gentleman refers was adopted in 1901, as the gentleman knows, having to do with the sale of alcohol at Military Establishments. Then, in 1951, the law was restated, and there is some diversity of opinion as to whether the act of 1951 repeals the law of 1901. Frankly, it is the opinion of the staff on the Committee on the Judiciary and the people with whom we collaborated on the subject, that the act of 1951 supersedes the act of 1901. But since our job is not in any way to effect substantive law but simply to restate the law in code form, we have the provision carrying out the legal opinion and thus repealing the statute of 1901. But to be sure and satisfy the gentleman that we are not altering substantive law, the amendment that we have sent to the desk would take away the repeal, so that the law as it stands today will continue to stand. It is doubtful which of the two acts prevails, but we will not repeal the act of 1901. Both statutes will remain on the books.

Mr. REES of Kansas. In any event, you do not in any wise change the statute to which you have referred?

Mr. WILLIS. We definitely do not.

Mr. McCORMACK. You do not take a step back toward prohibition, do you?

Mr. WILLIS. We do not.

Mr. LANHAM. Mr. Speaker, will the gentleman yield?

Mr. WILLIS. I yield.

Mr. LANHAM. When the gentleman says that both laws will stay on the books, will both laws appear in the codification, the law of 1951, and the other? Will the 1951 law appear in the codification?

Mr. WILLIS. I think the latest law, the 1951 law, will be in the code.

Mr. LANHAM. But the older law will not?

Mr. WILLIS. It will still be in the statutes, it will not be repealed.

Mr. LANHAM. But it will not appear in the code?

Mr. WILLIS. That is correct.

Mr. LANHAM. Mr. Speaker, I object.

Mr. CELLER. Mr. Speaker, will the gentleman withhold his objection for a moment? If we do not pass this today and it goes over until the next session, there will have to be another complete recodification. It would cost probably another \$25,000 to do it. This is a very difficult task. We have been working on this codification, I am informed, for 8 years. I do hope the gentleman will not object. There are no substantive changes in the law.

The SPEAKER pro tempore. Is there objection?

Mr. LANHAM. Mr. Speaker, I object.

INCLUSION OF ACCREDITED SERVICE TOWARD CIVIL SERVICE RETIREMENT

The Clerk called the bill (S. 1041) to amend the Civil Service Retirement Act of May 29, 1930, as amended, to provide for the inclusion in the computation of accredited service of certain periods of service rendered States or instrumentalities of States, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 5 of the Civil Service Retirement Act of May 29, 1930, as amended, is amended by inserting after the first paragraph thereof the following:

"Subject to the conditions contained in this paragraph, there shall be included, in determining for the purposes of this act the aggregate period of service rendered by an officer or employee who is serving in a position within the purview of this act (other than a position described in this paragraph) at the time of his retirement or death, all periods of service rendered by him as an employee of a State, or any instrumentality thereof, exclusively or primarily in the carrying out of—

"(1) the program of a State Rural Rehabilitation Corporation created for the purpose of handling rural relief the funds for which were made available by the Federal Emergency Relief Act of 1933 (48 Stat. 55), the act of February 15, 1934 (48 Stat. 351), and the Emergency Appropriation Act, fiscal year 1935 (48 Stat. 1055), and any laws or parts of laws amendatory of, or supplementary to, such acts;

"(2) the Federal-State cooperative program of agricultural experiment stations research and investigation authorized by the act of March 2, 1887, as amended and supplemented (7 U. S. C., ch. 14);

"(3) the Federal-State cooperative program of vocational education authorized by the act of February 23, 1917, as amended and supplemented (20 U. S. C., ch. 2);

"(4) the Federal-State cooperative program of agricultural extension work authorized by the act of May 8, 1914, as amended and supplemented (7 U. S. C., secs. 341-348);

"(5) the Federal-State cooperative program of forest and watershed protection authorized by section 2 of the act of March 1, 1911 (16 U. S. C., sec. 563), and by the act of June 7, 1924, as amended and supplemented (16 U. S. C., secs. 564-568b);

"(6) the Federal-State cooperative program for the control of plant pests and animal diseases authorized by the provisions of law set forth in chapters 7 and 8 of title 7 and in section 114a of title 21 of the United States Code.

"The period of any service specified in this paragraph shall be included in computing length of service for the purposes of this act of any officer or employee only upon compliance with the following conditions:

"(A) the performance of such service is certified, in a form prescribed by the Civil Service Commission, by the head, or by a person designated by the head, of the department, agency, or independent establishment in the executive branch of the Government of the United States which administers the provisions of law authorizing the performance of such service;

"(B) the officer or employee shall have to his credit a total period of not less than 5 years of allowable service under this act, exclusive of service allowed by this paragraph;

"(C) the officer or employee shall have deposited with interest at 4 percent per annum to December 31, 1947, and 3 percent per annum thereafter, compounded on December 31 of each year, to the credit of the civil-service retirement and disability fund a sum equal to the aggregate of the

amounts which would have been deducted from his basic salary, pay, or compensation during the period of service claimed under this paragraph if during such period he had been subject to this act;

"(D) such period of service is excluded from credit for the purposes of any annuity received by such officer or employee from a State.

"As used in this paragraph the term 'State' includes Alaska, Hawaii, and Puerto Rico."

SEC. 2. The annuity of any person who shall have performed service described in the second paragraph of section 5 of the Civil Service Retirement Act of May 29, 1930, as added by this act, and who before the date of enactment of this act shall have been retired on annuity under the provisions of the act of May 22, 1920, as amended, section 8 (a) of the act of June 16, 1933, or the act of May 29, 1930, as amended, shall, upon application filed by such person within 1 year after the date of enactment of this act and compliance with the conditions prescribed by such second paragraph, be adjusted, effective as of the first day of the month following the date of enactment of this act, so that the amount of such annuity will be the same as if such paragraph had been in effect at the time of such person's retirement.

With the following committee amendments:

(1) Page 1, line 9, after the word "employee", insert "of the United States Government or the Municipal Government of the District of Columbia."

(2) Page 2, lines 1 and 2, strike out "(other than a position described in this paragraph)."

(3) Pages 5 and 6, strike out all of section 2.

The committee amendments were agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FEDERAL EMPLOYEES' GROUP LIFE INSURANCE ACT OF 1954

The Clerk called the bill (S. 1792) to amend the Federal Employees' Group Life Insurance Act of 1954.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That (a) section 5 (c) of the Federal Employees' Group Life Insurance Act of 1954 is amended to read as follows:

"(c) The sums withheld from employees under subsection (a) and the sums contributed from appropriations and funds under subsection (b) shall be deposited in the Treasury of the United States to the credit of a fund which is hereby created. Said fund is hereby made available without fiscal year limitation for premium payments under any insurance policy or policies purchased as authorized in sections 7 and 10 of this act, for the payment of any obligations under agreements assumed pursuant to section 10 of this act, and for any expenses incurred by the Commission in the administration of this act within such limitations as may be specified annually in appropriation acts: *Provided*, That appropriations available to the Commission for salaries and expenses for the fiscal year 1955 shall be available on a reimbursable basis for necessary administrative expenses of carrying out the purposes of this act until said fund shall be sufficient to provide therefor. The income derived from any dividends or premium rate adjustments received from insurers shall constitute a part of said fund."

(b) Section 5 of said act is amended by

adding the following subsection at the end thereof:

"(d) The Secretary of the Treasury is authorized to invest and reinvest the moneys in the fund created by section 5 (c), or any part thereof, in interest-bearing obligations of the United States and to sell such obligations of the United States for the purposes of the fund. The interest on and the proceeds from the sale of any such obligations shall become a part of the fund."

SEC. 2. (a) The third proviso of section 7 (d) of said act is hereby repealed.

(b) Section 7 (e) of said act is amended to read as follows:

"(e) The companies eligible to participate as reinsurers, and the amount of insurance under the policy or policies to be allocated to each issuing company or reinsurer, may be redetermined by the Commission for and in advance of any policy year after the first, on a basis consistent with subsections (c) and (d) of this section, with any modifications thereof it deems appropriate to carry out the intent of such subsections, and based on each participating company's group life insurance in force in the United States on the most recent December 31 for which information is available to it, excluding that under any policy or policies purchased under this act, and shall be so redetermined in a similar manner not less often than every 3 years or at any time that any participating company withdraws from participation: *Provided*, That if, upon any such redetermination, in the case of any issuing company or reinsurer which insured employees of the Federal Government on December 31, 1953, under policies issued to an association of Federal employees, the amount which results from the application of the formula referred to in subsection (d) of this section is less than the total decrease, if any, since December 31, 1953, in the amount of such company's insurance under such policies, the amount allocated to such company shall be increased to the amount of such decrease: *Provided further*, That any increase in the amount allocated to such company by application of the preceding proviso shall be reduced by the amount or amounts of any policy or policies purchased from such company under the authorization of section 10 of this act, and in force on the date of such redetermination."

SEC. 3. Section 10 of said act is amended to read as follows:

"SEC. 10. (a) The Commission is authorized to arrange with any nonprofit association of Federal or District of Columbia employees for the assumption by the fund created by section 5 (c) of all life insurance agreements, including all benefits contained therein, obtained or provided by such association for its members.

"(b) The Commission is authorized without regard to other sections of this act and without regard to section 3709 of the Revised Statutes, as amended, to purchase from one or more life insurance companies, as determined by the Commission, a policy or policies of group life insurance to insure all or any portion of the life insurance agreements obtained or provided by an association for its members and assumed under this section: *Provided*, That any such company must be either (1) the company then insuring such members under a policy or policies issued to such association; or (2) a company which is an insurer or a reinsurer under section 7 of this act. The Commission may at any time discontinue any policy or policies it has purchased from any insurance company.

"(c) Any association accepting such arrangement shall, in consideration therefor, pay over and transfer to the Commission (1) an amount equal to the actuarial value, as determined by the Commission, of the insurance obligations assumed by the fund created by section 5 (c), or (2) the total assets of the life insurance fund of such association, whichever is the lesser. Such

payment and transfer shall be a premium for the purchase of the Government insurance arrangement, shall be deposited in the fund created by section 5 (c), and shall be accomplished in accordance with the procedures and conditions prescribed by the Commission, and in accordance with the requirements of applicable law.

"(d) The arrangements authorized by this section shall be made within 6 calendar months following the date of enactment of this amending act, or such later date as the Commission may agree when there are extenuating circumstances, but not later than August 17, 1957, and such arrangements shall apply only to life insurance agreements existing on both the date of the approval of this amendment and on the date of the respective arrangement.

"(e) Any such arrangement shall provide that the continuation of the insurance coverage of such members shall be conditioned upon their payment to the fund created by section 5 (c), in such manner and under such conditions as the Commission may prescribe, of premium payments equal to the premiums or dues previously payable by them for such insurance coverage.

"(f) The members of such associations shall not by reason of any such arrangements be disqualified from any other insurance benefits provided by this act if otherwise eligible therefor."

With the following committee amendments:

Page 2, after line 21, insert a new section 2 to read as follows:

"SEC. 2. (a) Section 6 of said act is amended to read as follows:

"SEC. 6. Each policy purchased under this act shall contain a provision, in terms approved by the Commission, to the effect that any insurance thereunder on any employee shall cease upon his separation from the service or 12 months after discontinuance of his salary payments, whichever first occurs, subject to a provision which shall be contained in the policy for temporary extension of coverage and for conversion to an individual policy of life insurance under conditions approved by the Commission, except that if upon such date as the insurance would otherwise cease the employee retires on an immediate annuity and (a) his retirement is for disability or (b) he has completed 15 years of creditable service, as determined by the Commission, his life insurance only may, under conditions determined by the Commission, be continued without cost to him in the amounts for which he would have been insured from time to time had his salary payments continued at the same rate as on the date of cessation. Periods of honorable active service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States shall be credited toward the required 15 years provided the employee has completed at least 5 years of civilian service."

"(b) The amendments made by subsection (a) shall be effective as of August 17, 1954.

Page 2, line 22, strike out "SEC. 2. (a)" and insert "SEC. 3 (a)."

Page 4, line 5, strike out "SEC. 3." and insert "SEC. 4."

The committee amendments were agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENDING FREE MAILING PRIVILEGES

The Clerk called the bill (H. R. 7125) to extend to June 30, 1956, the free mailing privileges granted by the act of July

SENATE

17. **FORESTS.** Sen. Goldwater spoke in support of S. 55, to authorize the USDA to acquire certain forest lands from the Aztec Land & Cattle Co. He suggested that certain lobbying activities of the National Lumber Manufacturers Association were preventing favorable action on the bill by the House, and inserted several letters from interested parties supporting that contention (pp. 10844-6).
18. **RESEARCH.** Sen. Smith, N. J., inserted a newspaper article by Dr. A. T. Waterman commenting favorably on efforts by the Government and private industry to expand the educational facilities for students interested in science (pp. 10847-8).
19. **BUDGET.** Sen. Goldwater inserted a table detailing the budget surpluses and deficits of Congresses from 1946 to 1955 (pp. 10849-51).
20. **SUGAR.** Sen. Fulbright objected to consideration of H. R. 7030, the sugar bill, upon its second reading because it was believed that the importance of the bill would seem to warrant greater consideration than the closing hours of the session would permit. Sen. Thyne rejoined that the legislation was needed for emergency matters (pp. 10851-2, 10877). Sen. Long served notice that he would ask for a suspension of the rules in the consideration of H. R. 7030, without reference of the bill to the Senate Finance Committee; and Sen. Douglas questioned the propriety of that procedure (pp. 10920-1). Sen. Long submitted an amendment to be proposed by him to H. R. 7030, and it was ordered to be printed (p. 10948).

The Finance Committee ordered favorably reported S. 1635, to amend and extend the Sugar Act of 1948, after striking all after the enacting clause and substituting the language of H. R. 7030, with the following changes: "The formula for future growth to be 55 percent for domestic and 45 percent for foreign; the foreign quota to be divided on basis of 60 percent to Cuba and 40 percent to be divided among full-duty countries proportionately on basis of their sales of sugar in U. S. market during last 4 years; benchmark to be 8,300,000 tons; and a 6-year extension in lieu of 4 years."
21. **HOUSING.** Received and agreed to the conference report on S. 2126, the housing bill (pp. 10906-11). The conferees agreed to continuation of the present farm-housing program through the fiscal year 1956, with \$112 million available for direct loans, to prevent defaults in payments on loans for potentially adequate farms and for the improvement and repair of farms.
22. **FORESTRY CONSERVATION.** Sen. Clements inserted the remarks of Sens. George and Magnuson on the practices of conservation by private industry, the U. S. Forest Service, and State agencies. Sen. Magnuson commended the activities of the Rayonier Corporation in the field of conservation and suggested that conservation should be construed to mean adequate and planned utilization of forests and forest products (pp. 10929-31).
23. **ECONOMIC DEVELOPMENT.** Sen. Watkins inserted two articles prepared by himself citing the achievements of the U. S. economy in the second quarter of 1955 (pp. 10938-41).
24. **EXTENSION WORK.** Concurred in the House amendment to S. 2098, to authorize special appropriations for extension work among low-income farmers (pp. 10883-4). This bill will now be sent to the President.

25. **EXPERIMENT STATIONS.** Concurred in House amendments to S. 1759, to consolidate authorization legislation regarding aid to State agricultural experiment stations (p. 10884). This bill will now be sent to the President.
26. **MARKETING.** Concurred in House amendments to S. 1757, to amend the Agricultural Marketing Act of 1946 so as to remove any question which may have resulted from a change in appropriation language as to the applicability of penalties for forgery of inspection certificates covering agricultural commodities, and to expand and tighten provisions for such penalties (p. 10884). This bill will now be sent to the President.
27. **FARM LOANS.** Concurred in House amendments to S. 1621, to authorize adjustment by the Secretary of Agriculture of certain obligations of settlers on projects developed under or subject to the Wheeler-Case Act of 1939 (p. 10882). This bill will now be sent to the President.
28. **PERSONNEL.** Received and agreed to the conference report on S. 1041, to provide for the inclusion in the computation of accredited service of certain periods of service rendered States (p. 10913). House and Senate conferees had been appointed earlier in the day (pp. 10877, 11005). The conferees agreed to the House amendments to the bill.
- Concurred in House amendments to S. 1849, to provide for the grant of career-conditional and career appointments in the competitive civil service to indefinite employees who previously qualified for competitive appointment (pp. 10882-3). This bill will now be sent to the President.
- Concurred in House amendments to S. 1792, to amend the Federal Employees Group Life Insurance Act of 1954 so as to authorize the assumption of the insurance obligations of any nonprofit association of Federal employees (p. 10882). This bill will now be sent to the President.
- Passed with amendment H. R. 7618, to increase the annuity benefits of retired Federal employees by 12% on the first \$1,500 and 8% thereafter up to \$4,000, with a gradual reduction in the increases until they end on Dec. 31, 1957 (pp. 10853, 10902, 10912, 10924-6).
- Agreed to the conference report on H. R. 4048, making recommendations to the States for legislation to permit and assist Federal personnel to vote (pp. 10899, 10901-5).

S. 2628, the executive pay bill, provides as follows as reported by the committee:

Provides specific salaries for various officials, including: Secretary of Agriculture, Director of Office of Defense Mobilization, and Director of the Budget, \$25,000; 2 Administrative Assistants to the President, and Comptroller General, \$22,500; Administrator of Veterans' Affairs, \$22,000; 3 Administrative Assistants to the President, Under Secretary of Agriculture, Administrator of General Services, Director of International Cooperation Administration, Administrator of Federal Civil Defense Administration, and Governor of FCA, \$21,000; Assistant Comptroller General, Deputy Director of Budget Bureau, Chairman of Civil Service Commission, and members of Council of Economic Advisers, \$20,500; 7 Administrative Assistants and staff assistants to the President, 3 Assistant Secretaries of Agriculture, Fiscal Assistant Secretary of the Treasury, members (other than chairman) of Civil Service Commission, Deputy Administrator of General Services, Archivist, Administrator of Production and Marketing Administration, Administrator of REA, Public Printer, Librarian of Congress, each Assistant Director of Budget Bureau (2), Director of National Science Foundation, and General Counsel (or other comparable officer) of a department when required to be appointed by the President, \$20,000; Commissioner of Federal Supply Service, Commissioner of Public Buildings Ser-

I joined with all his other colleagues in wishing him a very pleasant trip home. I am quite certain that after he and the others of us have rested our bodies and our minds during the adjournment period, he and we will come back invigorated in mind and body, to render whatever service may be required in the next session and in the years to come.

I hope Senator GEORGE will be with us in the next session and for many sessions to come.

Mr. McCLELLAN. Mr. President, I just walked into the Chamber and heard some remarks concerning our distinguished colleague, the senior Senator from Georgia. I was somewhat perturbed at first; I thought perhaps the Senator had made some announcement which might have carried greater significance than the remarks I had heard.

I wish to associate myself with the sentiments which have been expressed by the distinguished junior Senator from Kentucky [Mr. BARKLEY].

I have frequently had occasion to say in public addresses in my State, and on other occasions privately, that no State in the Union is more ably represented in the Senate than is the State of Georgia. I take occasion to say that again on the floor of the Senate this afternoon.

Never is a question of vital importance to this Nation being discussed that I do not listen intently to the words of wisdom and counsel which are uttered by the distinguished Senator from Georgia. Often I am persuaded to defer, possibly, my hasty judgment to his well-considered opinions and the counsel which he gives us.

I join with other Members of the Senate in wishing him a happy and pleasant vacation. I trust he will return to the next session of Congress, early next year, with full vigor and in the spirit which he has manifested in the past, to carry on and continue to make great contributions to the security of our Nation and to the destiny of our public welfare.

Mr. THURMOND. Mr. President, the people of South Carolina are neighbors of the people of Georgia. The people of South Carolina look upon the distinguished senior Senator from Georgia with respect and esteem. They greatly admire him for having provided the American people with outstanding leadership. It is my wish that Senator GEORGE will improve in health and will have a speedy recovery by next year.

Mr. NEUBERGER. Mr. President, I wish to join in the tributes to Senator GEORGE. I should like to add a short personal comment.

One of the things I discovered when I came to the Senate was that I had much to learn. I particularly had a great deal to learn in the field of foreign policy. Whenever I have gone to Senator GEORGE and asked for information or enlightenment in the field of foreign policy, I have found him to be more than courteous, more than patient, and more than kind in answering some of my questions, which occasionally must have seemed very primitive and elemental to him. I am grateful to him for

his wise counsel to a freshman Senator. I hope he may return to us in the best of health.

A great President once said it is not a question whether a man is old in years; it is whether he is young in heart. I think Senator GEORGE lives up to that description.

Mr. CASE of New Jersey. Mr. President, as a very junior Senator, it is my honor to pay respect and tribute to the distinguished senior Senator from Georgia. He has given to this body a great distinction and prestige. As a new Member of the Senate, I am honored to be one of his colleagues. He has meant much to our country.

All of us, under the leadership of our great President, hope that we have at last turned the corner, so far as the foreign situation is concerned. The contribution which has been made by the senior Senator from Georgia to the administration and to the country in turning that corner is of incalculable value.

We earnestly hope that the Senator from Georgia will return to the Senate next year, restored in vigor and able to render again, during the next session of Congress, the same kind of service to the country and to us as individual Members of the Senate that he has rendered in the past.

Mr. KUCHEL. Mr. President, the President of the United States has correctly stated that the basic goal of the Government of this Nation is the security of the American people in a just and honorable peace. The senior Senator from Georgia [Mr. GEORGE] has contributed magnificently to the strides which have been taken towards the achievement of that goal.

I have been a Member of the Senate for 2½ years, and I have listened during that time to the debates with respect to foreign policy. It has been thrilling to me as an American citizen to see a majority of the Members of the Senate, on both sides of the aisle, unite as Americans on questions of foreign policy, and on a basis of what is best for the American people, and not on a basis of partisan concern. I have sat here and listened to the distinguished senior Senator from Georgia speak upon occasion and change the minds of Members of the Senate by his logic and his patriotism and his powers of persuasion, too.

On a personal basis, I wish to mention the great pride I have in being able to refer to the senior Senator from Georgia as a friend who has on occasion given me the benefit of his counsel, and who has, together with his wife, been so very generous to my wife and to me.

So let me, too, join with all my seniors who have preceded me on this occasion, to wish for the Senator from Georgia and for the Nation many more years of additional honorable and highly patriotic service by him in the United States Senate, where his has been the great force of leadership in a field in which I am sure most of the American people—the overwhelming majority—see eye to eye.

Mr. HILL. Mr. President, I wish to join in the tributes which have been paid to the Senator from Georgia as a great American and a great statesman, and for

his magnificent service to our country and to the peoples of the free world.

As his neighbor, living in the adjoining State of Alabama. I particularly wish to mention the invaluable service he has rendered to his own people, the people of Georgia. As I know so well, year in and year out the senior Senator from Georgia has labored, toiled, and worked for his people, ably and effectively, has been in his service to them through the years.

Whether it has been the cause of vocational education, whether it has been the cause of the large or small farmer, whether it has been the cause of the businessman or laboring man, the white collar worker, or the big industrialist, the Senator from Georgia has always worked and fought to promote the interest and the welfare and the advancement of the people of the State of Georgia.

Surely no people could feel a greater sense of pride than rightfully should be that of the people of Georgia in the fact that through the years they have had in the Senate one who has served them, not only with great distinction in connection with the foreign affairs of the United States, but who has served them with such great devotion and such indefatigable effort at all times, and, most of all, with such tremendous effect.

Mr. HUMPHREY. Mr. President, the request of the distinguished Senator from Georgia for leave of absence from the Senate before adjournment has given many of us the chance to speak, who have looked for this opportunity to say a few words from our hearts concerning this great American.

The Senator from Georgia is to the United States Senate a bulwark of strength. He has represented the finest traditions of this great deliberative body, and he has always been an effective force in building up our own domestic economy and the strength of the free world.

The Senator from Georgia has occupied many important roles in the Senate, but none has been more important to mankind than has his chairmanship of the Committee on Foreign Relations. It has been my privilege, as one of the junior members of the committee, to serve with him for almost 3 years. This is a service that is not only one of participation, but one of education.

The Senator from Georgia is more than a chairman of a great committee. He is a profound and effective statesman. This great statesman has done something for our country in recent months that American citizens throughout the land have longed for. The truce in Korea brought an end to the shooting war. The proposal of the Senator from Georgia for a Big Four Conference has brought an end to a shouting war. And when leaders of nations cease shouting at one another, they have an opportunity to think together and to plan for a society in which men and women can live in peace and tranquillity and justice.

I wish to say to my good friend—and he is just that—that he has stood as a symbol of military strength at a time when military strength was needed. He has led the fight in the Senate for economic strength at home and abroad,

many times taking the very difficult task of piloting through this Chamber programs which involved billions and billions of dollars for the assistance of the national security of ourselves and others.

The Senator from Georgia is a man of peace, a man of peace with honor, a peace that does not in any way abrogate our principles of freedom and justice as we know those principles to be.

I think it is fair to say that in recent months we have been off dead center in the field of diplomacy because of the courage and leadership of the Senator from Georgia. When some of us felt too timid to speak up, this brave man spoke up. When there were those who thought something might be done, this man not only thought about it but he acted.

The conferences which have occurred in recent months are directly attributable to the leadership of the Senator from Georgia, a leadership that broke through the prejudices, passions, and emotions of the hour.

Mr. President, as a citizen of the United States and an associate of the Senator from Georgia in the United States Senate, I wish to pay him tribute and honor for leading us at least into the hallway which gives a flickering light taking us out of the shadows of darkness to at least the possible dawn of a new day.

I know the Senator from Georgia has not expected his colleagues to rise and pour forth their heartfelt sentiments concerning him; but I wish to say that if the distinguished Senator from Georgia were not in this body, the Senate would not be the place it is and the place it should be. Even a short absence from the Senate by the Senator from Georgia leaves a great vacuum and void in our midst.

I wish for him the very best of all that is in life, Mr. President. I assure him that, so far as I am concerned, I have considered it a high honor and a great privilege to share in his friendship, to participate with him in the deliberations of this body, and to serve with him on the committee of which he is chairman. I know of no greater honor one could have.

Mr. SMATHERS. Mr. President, when our very great majority leader, the distinguished Senator from Texas [Mr. JOHNSON]—as all of us know who now lies ill in the Naval Hospital at Bethesda, Md.—heard that the Senator from Georgia had asked permission to leave the Senate one day early, and that his colleagues were paying much deserved tribute to this great American, the Senator from Texas immediately dictated to his loyal and charming wife a statement praising the Senator from Georgia. The Senator from Texas asked that unanimous consent be requested to have the statement in the RECORD so that he might make known his personal affection and great admiration for the Senator from Georgia. Therefore, Mr. President, I ask unanimous consent that this statement of our majority leader be printed in the RECORD at this point.

The PRESIDING OFFICER (Mr. McNAMARA in the chair). Without objection, it is so ordered.

The statement is as follows:

STATEMENT BY SENATOR JOHNSON OF TEXAS

It would be difficult to find adequate language in which I could fully express my feelings of esteem and affection for the President pro tempore of the Senate, WALTER F. GEORGE, of Georgia.

For the past 3 sessions of Congress, it has been my privilege to occupy the desk adjoining that of this great leader. I have consulted him frequently—in fact, almost daily; and I have been the beneficiary of his wise and generous counsel.

There is in Senator GEORGE the authentic greatness that characterizes the statesmen whose names live through the ages. He is a prime mover in the great events that are changing the face of the world, and his stamp is indelibly impressed upon our times.

In a very real sense, he has shaped the foreign policies of our country as much as has any other man. A whole nation has felt a reassuring sense of relief because of the fact that his voice is heard with respect in the highest councils of State.

But my own emotions go far beyond the admiration which every American feels for this honored, senior statesman. They are also based upon a deep feeling of affection for a beloved friend who has guided my footsteps over many difficult and dangerous paths.

To me, he has been a mentor and friend; to his State, an able and effective advocate; to his Nation, a wise and farseeing counselor. And when the final chapter on these troubled times is written, the name of WALTER F. GEORGE will be on every page as the man of vision who did as much as any other to point the way to peace and prosperity for ourselves and our posterity.

AMENDMENT OF FEDERAL EMPLOYEES GROUP LIFE INSURANCE ACT

Mr. JOHNSTON of South Carolina. Mr. President, there is at the desk a highly privileged matter. S. 1792 has come back from the House with a few corrections of errors in the bill. I ask that the amendments of the House be laid before the Senate.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill from the Senate (S. 1792) to amend the Federal Employees' Group Life Insurance Act of 1954, which were, on page 2, after line 21, insert:

SEC. 2. (a) Section 6 of said act is amended to read as follows:

"Sec. 6. Each policy purchased under this act shall contain a provision, in terms approved by the Commission, to the effect that any insurance thereunder on any employee shall cease upon his separation from the service or 12 months after discontinuance of his salary payments, whichever first occurs, subject to a provision which shall be contained in the policy for temporary extension of coverage and for conversion to an individual policy of life insurance under conditions approved by the Commission, except that if upon such date as the insurance would otherwise cease the employee retires on an immediate annuity and (a) his retirement is for disability or (b) he has completed 15 years of creditable service, as determined by the Commission, his life insurance only may, under conditions determined by the Commission, be continued without cost to him in the amounts for which he would have been insured from time to time had his salary payments continued at the same rate as on the date of cessation. Periods of honorable active service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States shall be credited toward the required

15 years provided the employee has completed at least 5 years of civilian service."

(b) The amendments made by subsection (a) shall be effective as of August 17, 1954.

On page 2, line 22, strike out "2" and insert "3", and page 4, line 5, strike out "3" and insert "4."

Mr. JOHNSTON of South Carolina. I move that the Senate concur in the House amendments. They are of a technical nature.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from South Carolina.

The motion was agreed to.

ADJUSTMENT OF CERTAIN OBLIGATIONS OF SETTLERS

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 1621) to authorize adjustment by the Secretary of Agriculture of certain obligations of settlers on projects developed or subject to the act of August 11, 1939, as amended, and for other purposes, which were, on page 1, line 6, strike out "projects" and insert "the Augostura project in South Dakota," and on page 1, line 8, strike out all after "590y-z)" over through and including "obligations" in line 12, page 2.

Mr. ELLENDER. Mr. President, I move that the Senate concur in the amendments of the House.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Louisiana [Mr. ELLENDER].

The motion was agreed to.

Mr. MUNDT. Mr. President, I wish to congratulate the chairman of the Committee on Agriculture and Forestry, the Senator from Louisiana [Mr. ELLENDER], for the expeditious manner in which the bill has been approved in conference. The bill corrects an injustice in connection with irrigation farming in the State of South Dakota on the Angostura project, which is primarily of importance to war veterans. Our entire South Dakota congressional delegation has been working hard to have this bill approved before adjournment and I am grateful to the Senator from Louisiana for his help in bringing the legislation to fruition. I spoke to him again only a few minutes ago about its urgency and he has acted with his usual dispatch by bringing it to the floor immediately.

GRANTING OF CERTAIN APPOINTMENTS TO INDEFINITE EMPLOYEES IN CIVIL SERVICE

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 1849) to provide for the grant of career-conditional and career appointments in the competitive civil service to indefinite employees who previously qualified for competitive appointment, which were, to strike out all after enacting clause and insert:

That the appointment of each employee of the Federal Government or the municipal government of the District of Columbia who—

Public Law 356 - 84th Congress
Chapter 794 - 1st Session
S. 1792

AN ACT

To amend the Federal Employees' Group Life Insurance Act of 1954.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 5 (c) of the Federal Employees' Group Life Insurance Act of 1954 is amended to read as follows:

Government employees insurance.

"(c) The sums withheld from employees under subsection (a) and the sums contributed from appropriations and funds under subsection (b) shall be deposited in the Treasury of the United States to the credit of a fund which is hereby created. Said fund is hereby made available without fiscal year limitation for premium payments under any insurance policy or policies purchased as authorized in sections 7 and 10 of this Act, for the payment of any obligations under agreements assumed pursuant to section 10 of this Act, and for any expenses incurred by the Commission in the administration of this Act within such limitations as may be specified annually in appropriation acts: *Provided*, That appropriations available to the Commission for salaries and expenses for the fiscal year 1955 shall be available on a reimbursable basis for necessary administrative expenses of carrying out the purposes of this Act until said fund shall be sufficient to provide therefor. The income derived from any dividends or premium rate adjustments received from insurers shall constitute a part of said fund."

68 Stat. 738.
5 USC 2094.

Use of insurance fund.

69 Stat. 676.
69 Stat. 677.

(b) Section 5 of said Act is amended by adding the following subsection at the end thereof:

"(d) The Secretary of the Treasury is authorized to invest and reinvest the moneys in the fund created by section 5 (c), or any part thereof, in interest-bearing obligations of the United States and to sell such obligations of the United States for the purposes of the fund. The interest on and the proceeds from the sale of any such obligations shall become a part of the fund."

Investment of fund.

SEC. 2. (a) Section 6 of said Act is amended to read as follows:

"SEC. 6. Each policy purchased under this Act shall contain a provision, in terms approved by the Commission, to the effect that any insurance thereunder on any employee shall cease upon his separation from the service or twelve months after discontinuance of his salary payments, whichever first occurs, subject to a provision which shall be contained in the policy for temporary extension of coverage and for conversion to an individual policy of life insurance under conditions approved by the Commission, except that if upon such date as the insurance would otherwise cease the employee retires on an immediate annuity and (a) his retirement is for disability or (b) he has completed fifteen years of creditable service, as determined by the Commission, his life insurance only may, under conditions determined by the Commission, be continued without cost to him in the amounts for which he would have been insured from time to time had his salary payments continued at the same rate as on the date of cessation. Periods of honorable active service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States shall be credited toward the required fifteen years provided the employee has completed at least five years of civilian service."

Disability retirees.

Armed Forces service.

(b) The amendments made by subsection (a) shall be effective as of August 17, 1954.

Effective date.

SEC. 3. (a) The third proviso of section 7 (d) of said Act is hereby repealed.

5 USC 2096.
Repeal.

(b) Section 7 (e) of said Act is amended to read as follows:

Reallocation
of reinsurance.

69 Stat. 677.
69 Stat. 678.

“(e) The companies eligible to participate as reinsurers, and the amount of insurance under the policy or policies to be allocated to each issuing company or reinsurer, may be redetermined by the Commission for and in advance of any policy year after the first, on a basis consistent with subsections (c) and (d) of this section, with any modifications thereof it deems appropriate to carry out the intent of such subsections, and based on each participating company’s group life insurance in force in the United States on the most recent December 31 for which information is available to it, excluding that under any policy or policies purchased under this Act, and shall be so redetermined in a similar manner not less often than every three years or at any time that any participating company withdraws from participation: *Provided*, That if, upon any such redetermination, in the case of any issuing company or reinsurer which insured employees of the Federal Government on December 31, 1953, under policies issued to an association of Federal employees, the amount which results from the application of the formula referred to in subsection (d) of this section is less than the total decrease, if any, since December 31, 1953, in the amount of such company’s insurance under such policies, the amount allocated to such company shall be increased to the amount of such decrease: *Provided further*, That any increase in the amount allocated to such company by application of the preceding proviso shall be reduced by the amount or amounts of any policy or policies purchased from such company under the authorization of section 10 of this Act, and in force on the date of such redetermination.”

SEC. 4. Section 10 of said Act is amended to read as follows:

5 USC 2099.
Retired employees in-
surance
agreements.

“SEC. 10. (a) The Commission is authorized to arrange with any nonprofit association of Federal or District of Columbia employees for the assumption by the fund created by section 5 (c) of all life insurance agreements, including all benefits contained therein, obtained or provided by such association for its members.

41 USC 5.

“(b) The Commission is authorized, without regard to other sections of this Act and without regard to section 3709 of the Revised Statutes as amended, to purchase from one or more life insurance companies, as determined by the Commission, a policy or policies of group life insurance to insure all or any portion of the life insurance agreements obtained or provided by an association for its members and assumed under this section: *Provided*, That any such company must be either (1) the company then insuring such members under a policy or policies issued to such association; or (2) a company which is an insurer or a reinsurer under section 7 of this Act. The Commission may at any time discontinue any policy or policies it has purchased from any insurance company.

“(c) Any association accepting such arrangement shall, in consideration therefor, pay over and transfer to the Commission (1) an amount equal to the actuarial value, as determined by the Commission, of the insurance obligations assumed by the fund created by section 5 (c), or (2) the total assets of the life insurance fund of such association, whichever is the lesser. Such payment and transfer shall be a premium for the purchase of the Government insurance arrangement, shall be deposited in the fund created by section 5 (c), and shall be accomplished in accordance with the procedures and conditions prescribed by the Commission, and in accordance with the requirements of applicable law.

“(d) The arrangements authorized by this section shall be made within six calendar months following the date of enactment of this amending Act, or such later date as the Commission may agree when there are extenuating circumstances, but not later than August 17, 1957, and such arrangements shall apply only to life insurance agree-

ments existing on both the date of the approval of this amendment and on the date of the respective arrangement.

“(e) Any such arrangement shall provide that the continuation of the insurance coverage of such members shall be conditioned upon their payment to the fund created by section 5 (c), in such manner and under such conditions as the Commission may prescribe, of premium payments equal to the premiums or dues previously payable by them for such insurance coverage.

“(f) The members of such associations shall not by reason of any such arrangements be disqualified from any other insurance benefits provided by this Act if otherwise eligible therefor.”

Approved August 11, 1955.

